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Note by the President of the Security Council

In paragraph 2 of resolution 1985 (2011), the Security Council requested the Panel of Experts established pursuant to resolution 1874 (2009) to provide a final report to the Council with its findings and recommendations.

Accordingly, the President hereby circulates the report received from the Panel of Experts (see annex).

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Annex

Letter dated 11 June 2012 from the Coordinator of the Panel of Experts established pursuant to resolution 1874 (2009) addressed to the President of the Security Council

On behalf of the Panel of Experts established pursuant to resolution 1874 (2009), I have the honour to transmit herewith, in accordance with paragraph 2 of resolution 1985 (2011), the final report on its work (see enclosure).

The report was provided to the Security Council Committee established pursuant to resolution 1718 (2006) on 11 May 2012 and was considered by the Committee on 11 June 2012.

I should be grateful if the present letter and its enclosure could be brought to the attention of the members of the Security Council.

(*Signed*) John **Everard**
Coordinator
Panel of Experts established pursuant to
Security Council resolution 1874 (2009)

Enclosure

Letter dated 11 May 2012 from the Panel of Experts established pursuant to resolution 1874 (2009) addressed to the Chair of the Security Council Committee established pursuant to resolution 1718 (2006)

The Panel of Experts established pursuant to Security Council resolution 1874 (2009) has the honour to transmit herewith, in accordance with paragraph 2 of Security Council resolution 1985 (2011), the final report on its work.

The Panel requests that this letter and its annex be brought to the attention of the members of the Security Council Committee established pursuant to resolution 1718 (2006).

(*Signed*) John **Everard**
Coordinator
Panel of Experts established pursuant to
Security Council resolution 1874 (2009)

(*Signed*) Katsuhisa **Furukawa**
Expert

(*Signed*) Erik **Marzolf**
Expert

(*Signed*) William J. **Newcomb**
Expert

(*Signed*) **Duk** Ho Moon
Expert

(*Signed*) Alexander **Vilnin**
Expert

(*Signed*) Xiaodong **Xue**
Expert

Report of the Panel of Experts established pursuant to resolution 1874 (2009)

Summary

During the period under review the Democratic People's Republic of Korea continued to reject and to violate Security Council resolutions 1718 (2006) and 1874 (2009). On 13 April 2012, in the face of the resolutions and of widespread international protest, it launched a rocket, following which the Security Council adopted a presidential statement strongly condemning the launch. The Democratic People's Republic of Korea responded by announcing that it will expand its nuclear programmes and continue launching satellites.

Member States did not report to the Committee any violations involving transfer of nuclear, other weapons of mass destruction-related or ballistic missile items, nor did they report on freezes of assets of entities and individuals designated by the Committee. They did report several other violations including illicit sales of arms and related materiel and luxury goods. The Panel investigated these newly reported incidents, previously reported incidents, and other possible violations. These cases provide ample evidence that the Democratic People's Republic of Korea continues actively to defy the measures in the resolutions. They also illustrate elaborate techniques to evade the vigilance of Member States. The Panel has studied in particular several interceptions of proscribed goods shipped to and from the Democratic People's Republic of Korea.

The implementation of the sanctions continues to face serious challenges. It places burdens on Member States, and the Democratic People's Republic of Korea is adept at exploiting weak points. Fewer than half of Member States have submitted the required reports on their implementation of the resolutions to the Security Council. Nevertheless, although the resolutions have not caused the Democratic People's Republic of Korea to halt its banned activities, they appear to have slowed them and made illicit transactions significantly more difficult and expensive. On the basis of its studies, the Panel makes a series of recommendations for the more effective implementation of the measures in the resolutions.

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Abbreviations and glossary

FAO	Food and Agriculture Organization of the United Nations
FATF	Financial Action Task Force
HEU	highly enriched uranium
IAEA	International Atomic Energy Agency
IAN	implementation assistance notice (issued by the Committee established pursuant to resolution 1718 (2006) to Member States)
IMO	International Maritime Organization
INFCIRC	information circular (IAEA publication)
KCNA	Korea Central News Agency
LEU	low enriched uranium
LWR	light water reactor
MWe	megawatt-electrical
UF4	uranium tetraflouride
UF6	uranium hexafluoride
WCO	World Customs Organization
WFP	World Food Programme
WIPO	World Intellectual Property Organization

The following words and phrases are used in this report with the following specific meanings:

"The Committee"	The Committee established pursuant to Security Council resolution 1718 (2006)
"The resolutions"	Security Council resolutions 1718 (2006) and 1874 (2009)
"The sanctions"	The measures set out in the resolutions
"Interdiction"	The inspection, seizure and disposal of cargo as defined by paragraphs 11, 12 and 14 of resolution 1874 (2009)

I. Introduction

1. The core mandate of the Panel of Experts is set out in paragraph 26 of resolution 1874 (2009). In this report, as recommended by the Informal Working Group of the Security Council on General Issues of Sanctions (S/2006/997), the Panel considers certain areas of background to set the context for its work, followed by a discussion and analysis of a number of incidents of non-compliance. It examines implementation of the measures under different lights, drawing both on those incidents and on other information. Finally it offers a series of recommendations on how the resolutions might be more effectively implemented. The Panel has respected the guidance on document lengths provided by the Under-Secretary-General for Political Affairs.

2. During the period under review, the Panel investigated numerous incidents of non-compliance. The Panel incorporated lessons learned in its outreach activities to Member States and also improved its understanding of the challenges they face. The continuing commitment of the Democratic People's Republic of Korea to its nuclear, ballistic missile and related programmes in defiance of Security Council resolutions was underlined by the rocket launch on 13 April 2012 and the military parade two days later.

3. As this report is being finalized, analysts warn that the Democratic People's Republic of Korea has prepared for a further nuclear test. This deepens concerns that the country is engaged in combining its uranium enrichment programme with its growing ballistic missile programme. The Panel has not however found attempts during the period under review at illicit procurement in support of the country's banned nuclear programmes.

II. Background and political context

4. The political context, which remains volatile, affects sanctions implementation and the Panel's work. The main elements in this political context are the following:

(a) Kim Jong Il died in December 2011 and his third son Kim Jong Un (28 or 29) has since assumed a number of senior leadership positions. Most notably, he was appointed first secretary of the ruling Korean Workers' Party on 12 April 2012 and first chairman of the National Defence Commission on 13 April 2012.

(b) The Government of the Democratic People's Republic of Korea has continued to claim that it emphasizes economic development, including agriculture, light industry to increase food and popular goods production, with the aim of improving the people's living standard, and that it considers that "the food problem is a burning issue in building a thriving country".[1] Nevertheless the country continues to face serious economic problems, particularly due to chronic shortages of food and fuel; United Nations agencies report that the food situation is dire in areas outside Pyongyang.[2] In October 2011, upon her return from a visit to the Democratic People's Republic of Korea, the United Nations Under-Secretary-General for Humanitarian Affairs declared that the country "remains a highly food

[1] "DPRK leading newspapers publish joint new year editorial", KCNA, 1 January 2012.

[2] "FAO/WFP crop and food security assessment mission to the Democratic People's Republic of Korea", joint report published 25 November 2011.

insecure country, with a population made increasingly vulnerable by continued reliance upon unreliable food supplies".[3]

(c) The Democratic People's Republic of Korea has also increased efforts to boost trade and to attract foreign investment. Most recently, reflecting increased business ties, China's embassy in Pyongyang announced the joint establishment of the Korea-China Chamber of Commerce Association in Pyongyang. The Government of China has agreed to establish a free trade area on Hwanggumpyong and Wihwa Islands, near Dandong. China and the Russian Federation are cooperating with the Democratic People's Republic of Korea in promoting development in the Tuman River area. China and the Russian Federation both announced plans to repair and significantly expand port facilities at Rajin and also are taking steps to improve road and rail connections to the port. A new cargo train between Rajin and Khasan is scheduled to begin service in October 2012 with an initial annual capacity of 100,000 containers. This project dates back more than a decade but only in recent years made progress. Originally the Republic of Korea was involved also, and the rail line was conceived as part of a land bridge to reduce transport costs to European markets. Escalation in tension on the Korean peninsula clouds the prospect of significant near-term returns on investment. Another project that may be similarly delayed is the laying of a natural gas pipeline across the Democratic People's Republic of Korea to the Republic of Korea, even though the Russian Federation and the Democratic People's Republic of Korea signed a memorandum of understanding on construction in September 2011.

(d) Efforts towards achieving the objectives of the resolutions continue to face challenges. The six-party talks have not resumed. Understandings reached in talks between the Democratic People's Republic of Korea and the United States of America led each to issue parallel statements on 29 February. The Democratic People's Republic of Korea indicated in its statement that it had agreed to "a moratorium on nuclear tests, long-range missile launches, and uranium enrichment activity at Yongbyon" and to "allow the IAEA to monitor the moratorium on uranium enrichment while productive dialogues continue" while the United States indicated in its statement that it would "move forward with [its] proposed package of 240,000 metric tons of nutritional assistance along with the intensive monitoring required for the delivery of such assistance".[4]

(e) On 16 March the Democratic People's Republic of Korea announced that it would launch a satellite using an Unha-3 carrier rocket between 12 and 16 April. The United States stated that this launch would abrogate the deal of 29 February.[5]

(f) On 13 April the Democratic People's Republic of Korea launched a rocket, and later announced that the satellite it was to carry had failed to enter orbit.

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[3] Under-Secretary-General for Humanitarian Affairs, Valerie Amos, Statement on the Democratic People's Republic of Korea, 21 October 2011; available from http://ochanet.unocha.org/p/Documents/USG%20Amos%20Press%20Statement%20on%20DPRK,%2021%20October%202011%20FINAL.pdf.

[4] Victoria Nuland, "U.S.-DPRK bilateral discussions", press statement, 29 February 2012; "DPRK Foreign Ministry Spokesman on result of DPRK-U.S. talks", KCNA, 29 February 2012.

[5] "Such a missile launch would pose a threat to regional security and would also be inconsistent with North Korea's recent undertaking to refrain from long-range missile launches". Victoria Nuland, "North Korean announcement of missile launch", press statement, 16 March 2012.

On the basis of information released by the United States,[6] missile experts estimate that the rocket disintegrated about two minutes into flight.

(g) On 16 April the Security Council adopted a presidential statement (S/PRST/2012/13) strongly condemning this launch and adjusting the measures imposed by resolutions 1718 (2006) and 1874 (2009). Both the United States and the Democratic People's Republic of Korea stated respectively they would withdraw from their undertakings under the deal of 29 February.[7]

(h) Relations between the Democratic People's Republic of Korea and the Republic of Korea remain extremely tense. Similarly, there have been no confirmed official meetings between Japan and the Democratic People's Republic of Korea over the past 12 months.

5. In the long term it is unclear what effect this changing political context will have on sanctions implementation, but in the short term the outlook is discouraging. On 17 April the Ministry of Foreign Affairs of the Democratic People's Republic of Korea declared that the country continued to regard Security Council resolutions 1718 (2006) and 1874 (2009) as illegitimate and "resolutely and totally reject the unreasonable behaviour of the Security Council in violating the Democratic People's Republic of Korea's legitimate right to launch satellites".[8] Further, in response to the joint statement of the five permanent members of the Security Council urging the country to refrain from any further provocative actions,[9] on 6 May 2012, the Foreign Ministry of the Democratic People's Republic of Korea declared that the country, "depending on its nuclear deterrence for self-defence, will firmly protect its sovereignty and dynamically push forward the development of space for peaceful purpose and the industry of nuclear energy ...".[10]

6. Many have expressed concern that the failed launch on 13 April may prompt the Democratic People's Republic of Korea to conduct a nuclear test to reassert its prestige prompting further action by the Security Council. Some analysts report that preparation is now well under way and that the country could conduct a test at any time.[11] In future, continuing, and perhaps worsening, economic problems may also

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[6] "Initial indications are that the first stage of the missile fell into the sea 165 km west of Seoul, South Korea. The remaining stages were assessed to have failed and no debris fell on land. At no time were the missile or the resultant debris a threat". North American Aerospace Defense Command, "NORAD and USNORTHCOM acknowledge missile launch", 12 April 2012.

[7] "A launch of this kind, which would abrogate our agreement, would call into question the credibility of all the commitments that the DPRK has made to us, is making in general, including the commitments that we have had with regard to the nutritional assistance." State Department daily press briefing, 16 March 2012. "As the United States violated the Democratic People's Republic of Korea-United States agreement of 29 February through its undisguised hostile acts, we will no longer be bound by it." Letter dated 19 April 2012 from the Permanent Representative of the Democratic People's Republic of Korea to the United Nations addressed to the President of the Security Council (S/2012/239).

[8] See S/2012/239.

[9] Statement by the People's Republic of China, France, the Russian Federation, the United Kingdom of Great Britain and Northern Ireland and the United States of America to the Preparatory Committee for the 2015 Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons, delivered by Ambassador Susan F. Burke, United States Special Representative for nuclear non-proliferation, Vienna, 3 May 2012 (see NPT/CONF.2015/PC.I/12).

[10] "Anti-DPRK 'Joint Statement' of UNSC Rebuffed", KCNA, 6 May 2012.

[11] See for example "Analysts predict imminent North Korean nuclear test", *Jane's Defence Weekly*, 18 April 2012.

affect the behaviour of the Democratic People's Republic of Korea. Hard currency earnings are in themselves unable to cover the country's import requirements. The Panel notes concerns that the country's continuing difficulties in meeting its foreign exchange needs through legal exports may tempt it to expand illicit exports.

III. Methodology

7. The mandate of the Panel of Experts is set out in paragraph 26 of resolution 1874 (2009). It was renewed by resolution 1928 (2010) and renewed and updated in paragraphs 3 and 4 of resolution 1985 (2011). The Panel is subject to direction by the Committee.

8. The Panel's operating rules and procedures reflect the recommendations of the Informal Working Group of the Security Council on General Issues of Sanctions (see S/2006/997). The Panel strives to maintain high evidentiary and methodological standards, although it does not have the investigative power of a judicial body and lacks subpoena powers. The Panel relies on two types of information in addition to the members' own first-hand and on-site observations, namely, information (sometimes confidential) supplied by cooperating States and/or international organizations, officials, journalists, and private individuals; and information found in the public domain. In weighing the reliability of information, the Panel always keeps in mind the identity and role of the sources providing it. In its work the Panel spares no effort to ensure that its assertions and findings are corroborated by credible sources.

9. The interactions of the Panel are inclusive, democratic and participatory. Internal decisions have been taken jointly by the Experts and the Panel has always attempted to reach consensus. In rare cases when consensus cannot be achieved on substantive issues, the perspective of the majority is reflected and different view(s) in the Panel are also reflected.

10. While observing the principles of objectivity, transparency and accountability in and for its work, the Panel strives to ensure confidentiality. Information provided to the Panel on a confidential or restricted basis is handled in a manner that both respects this basis and is consistent with the responsibilities of the Panel.

11. The Panel continues to face unique challenges in the conduct of investigations and drafting of reports. Specifically, the Democratic People's Republic of Korea vehemently rejects all aspects of resolutions 1718 (2006) and 1874 (2009); consequently, the Panel has had no direct access to the State sanctioned. Moreover, there is an almost complete lack of transparency from the Democratic People's Republic of Korea towards the international community. The Panel has encountered significant difficulty in investigating potential violations that occurred before the imposition of a reporting mechanism for cases of interdiction of prohibited cargo to or from the Democratic People's Republic of Korea (June 2009), as well as other previous cases of suspicious activity.

IV. Panel of Experts

12. The Panel of Experts was initially appointed by the Secretary-General on 12 August 2009 in accordance with paragraph 26 of Security Council resolution 1874 (2009). Members for the period under consideration have been John Everard

(United Kingdom) (Coordinator); Katsuhisa Furukawa (Japan, from October 2011); George Lopez (United States of America, to July 2011); Erik Marzolf (France); Duk Ho Moon (Republic of Korea); William J. Newcomb III (United States of America, from September 2011); Alexander Vilnin (Russian Federation); Xiaodong Xue (China); Takehiko Yamamoto (Japan, to September 2011). The Experts are supported by four members of the Security Council Subsidiary Organs Branch of the Department of Political Affairs.

13. Since its final report of 2011,[12] the Panel has, as required by resolution 1985 (2011), provided a planned programme of work to the Committee on 6 July and submitted a midterm report to the Security Council on 2 December. It has also assisted the Committee at its request, including by preparing a draft IAN for Member States on the sanction on luxury goods, which was issued by the Committee as IAN 3 on 5 December 2011.[13]

14. In pursuit of its mandate, the Panel has striven to gather, examine and analyse information on incidents of non-compliance with resolutions 1718 (2006) and 1874 (2009). Since May 2011, the Panel has received information from numerous Member States and other interested parties. The Panel has also, at the invitation of the relevant Member States, examined items seized following inspections of cargo under paragraph 11 of resolution 1874 (2009).

15. The Panel continued to consult widely with States, relevant United Nations bodies and other interested parties to gather other information regarding the implementation of sanctions. Panel members have attended a variety of conferences and seminars that proved to be valuable forums both to discuss implementation of the measures in the resolutions and to extend the Panel's network of contacts. A list of its missions and meetings during the period under review is in annex XI.

16. The Panel has also been active in assisting the Committee's outreach activities and worked to raise both the quantity and quality of Member State implementation reports. To this end it has interacted with regional groups of permanent missions to the United Nations in New York: for example the Coordinator made a presentation to the Group of Latin American and Caribbean States on 28 September. The Panel established contacts with East African States at an International Institute for Strategic Studies event in Nairobi on 23 and 24 May. The Panel is also working with organizations such as the Central American Integration System, the Pacific Islands Forum and the Caribbean Community to arrange outreach events in different regions. During the seminars and conferences attended by the Panel, experts raised awareness of the importance of resolutions 1718 (2006) and 1874 (2009) and made numerous presentations on their implementation, including the submission of national implementation reports. The Panel intends to extend its outreach activities to all remaining United Nations regional groups in New York and to contact late-reporting Member States for consultations.

17. The Panel also works with bodies such as FATF and WCO to develop understanding of the resolutions. It has been involved in FATF discussions on developing recommendations as well as defining best practices for the relevant

[12] One Panel member, Xiaodong Xue, would like to disassociate himself from the 2011 report, since he did not sign it despite his full participation in the drafting process. The report remains an internal document of the Security Council.

[13] Available from www.un.org/sc/committees/1718/pdf/implementation_assistance_notice_3.pdf.

bodies, and with WCO it has discussed compiling useful elements for standards and designing specific training programmes. The Panel considers that the work of such bodies makes a valuable contribution to effective implementation of the resolutions.

18. Broadening the scope of its information sources, it has developed and used extensively a relationship with the Dag Hammarskjöld Library, adopted the use of specialized databases and tracking systems, and started to use specialized software for network analyses. This has involved both acquisition of these systems and training in their use.

19. In order to share information, to compare notes on good practice and to achieve cost efficiencies (for example by organizing joint events) the Panel has consulted frequently with other panels of experts and monitoring groups. This has included panels based in New York and, when they visit New York, those that are based elsewhere.

20. In all aspects of its work the Panel is conscious of the financial constraints under which the United Nations works. Where possible it has used video- and teleconferences and, when travel is required, it has sought to combine meetings within regions, so as to minimize costs. Usually only one, two or three members participate in a mission. The Panel has also sought where possible and appropriate to combine events with other panels in order both to achieve savings, including for participating Member States, and to maximize impact.

V. Nuclear, other weapons of mass destruction and ballistic missile programmes of the Democratic People's Republic of Korea

21. The Panel considers that an understanding of the current state of the nuclear, other weapons of mass destruction and ballistic missile programmes of the Democratic People's Republic of Korea is important both for anticipating possible future attempts at illicit procurement and for being able better to assess the risk of proliferation. To this end it offers the following brief survey of the recent development of the country's illicit programmes.

A. Nuclear programmes

1. Uranium enrichment programme

22. In two reports submitted in 2011, the Panel presented its understanding of the uranium enrichment programme of the Democratic People's Republic of Korea with findings and recommendations.[14] The Panel has continued to focus on tracking the country's past procurement activities abroad and attempted to identify choke point items required to sustain the illicit programme.[15]

[14] See the report of the Panel entitled "Assessing recent nuclear programme development in the Democratic People's Republic of Korea" (27 January 2011) and its final report of 2011 (12 June 2011).The report of January 2011 remains an internal document of the Committee.

[15] The Panel consulted experts including David Albright, President of the Institute for Science and International Security, and representatives of Oerlikon Leybold Vacuum, and studied reviews and research papers on this.

23. In October 2011, the Panel met IAEA representatives and was able to discuss the uranium enrichment programme of the Democratic People's Republic of Korea. The report on application of safeguards in the Democratic People's Republic of Korea published by IAEA in September 2011[16] was consistent with the Panel's understanding that a clandestine supply network had played a pivotal role in the country's uranium enrichment. IAEA, inter alia, stressed that the layout of the centrifuge cascades and the size of the centrifuge casings in the uranium enrichment workshop,[17] previously described by Siegfried Hecker, were broadly consistent with what the network had provided to other countries. IAEA confirmed that the Democratic People's Republic of Korea had attempted to procure from a wide range of supply chains material and equipment required for uranium enrichment, such as vacuum pumps, electronic equipment and dual-use, computer numerically controlled, machine tools. This analysis does not conflict with the publicly available information on the country's illicit acquisition of proscribed items since the 1990s.[18] IAEA cannot confirm the configuration or operational status of the enrichment facility observed by Dr. Hecker (see figures I and II), but made clear that at least part of the UF6 provided to Libya in 2000 and 2001 very likely originated in the Democratic People's Republic of Korea, confirming the possibility of operational UF6 production prior to 2001.

Figure I
Uranium enrichment centrifuge facility[a]

Source: Niko Milonopoulos, Siegfried S. Hecker and Robert Carlin, "North Korea from 30,000 feet", *Bulletin of the Atomic Scientists*, 6 January 2012.

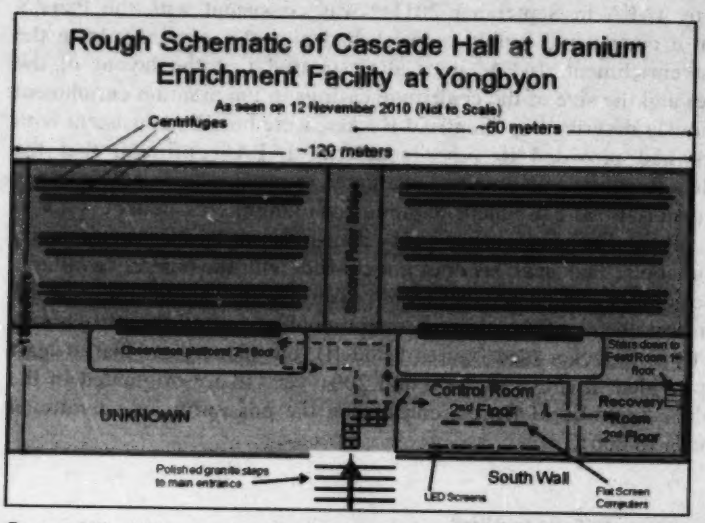
[a] Three-dimensional model of Building 4 (the new uranium enrichment centrifuge facility) in the fuel fabrication plant, created using the latest satellite images.

[16] GOV/2011/53-GC(55)/24 (2 September 2011).

[17] See annexes I, II and III for the specific location of the uranium enrichment workshop.

[18] David Albright provided the Panel with a table of "North Korea's known illicit procurements for its centrifuge programme in 2000s (excluding goods from Pakistan)" and watch lists, not exhaustive, of 13 specialty items.

Figure II
Schematic floor plan of the cascade hall at the uranium enrichment centrifuge facility[a]


Rough Schematic of Cascade Hall at Uranium Enrichment Facility at Yongbyon
As seen on 12 November 2010 (Not to Scale)
Centrifuges
~60 meters
~120 meters
Observation platform 2nd floor
Stairs down to Feed Room 1st floor
UNKNOWN
Control Room 2nd Floor
Recovery Room 2nd Floor
Polished granite steps to main entrance
South Wall
LED Screens
Flat Screen Computers

Source: Niko Milonopoulos, Siegfried S. Hecker and Robert Carlin, "North Korea from 30,000 feet", *Bulletin of the Atomic Scientists*, 6 January 2012.

[a] A rough schematic of the floor plan for the cascade hall at the uranium enrichment centrifuge facility (Building 4) in Yongbyon, as at 12 November 2010.

24. Other than the statement of the Democratic People's Republic of Korea of 30 November 2011 that low enriched uranium for the provision of raw materials [for the light water reactor] is progressing apace, there has been almost no new information on the country's uranium enrichment programme since Dr. Hecker's report.[19] The Democratic People's Republic of Korea has not yet provided any information to IAEA despite its obligations under its safeguards agreement (INFCIRC/403). Uncertainties persist on the country's uranium enrichment programme, in particular on the existence of HEU stock, on the number of centrifuges available to the country, their operational status, and their locations. The Panel notes experts' views that the Democratic People's Republic of Korea may run one or more parallel covert facilities capable of producing LEU or HEU in places other than Yongbyon. The Panel also notes the chief engineer's recognition of the existence of a UF4 and UF6 conversion facility at Yongbyon, although Dr. Hecker was not allowed to see it.

25. To expand a centrifuge programme would require significant quantities of specialty items such as maraging steel[20] and high-strength aluminium tubes. Since

[19] Siegfried Hecker, "A return trip to North Korea's Yongbyon nuclear complex", Center for International Security and Cooperation, Stanford University, 20 November 2010.

[20] Maraging steel is used for some gas centrifuge manufacturing. Because of their extreme strength, and consequent high specific strength, certain maraging steel alloys are among the few material suitable for high-speed rotors used in gas centrifuges. Maraging steel is also used in making rockets and bomb casings. In 1997 the Democratic People's Republic of Korea attempted to acquire a large amount of maraging steel suitable for manufacturing centrifuge rotors. See Olli Heinonen, "North Korea's nuclear enrichment: capabilities and consequences", *38 North*, 22 June 2011; "The North Korean nuclear program in transition", *38 North*, 26 April 2012.

May 2011, no attempts by the Democratic People's Republic of Korea to import these have been reported to the Committee or brought to the attention of the Panel. It remains unclear whether this is because the country has succeeded in doing so undetected, or stockpiled these items before sanctions were introduced, or is not after all trying to procure them. During the Panel's discussion with Member States and analysts, there were suggestions that the Democratic People's Republic of Korea is itself able to produce maraging steel and even provided it to other countries.[21] The press has reported that the country was engaged in assisting both Iran (Islamic Republic of) and the Syrian Arab Republic to build maraging steel production facilities.[22] The Panel notes this conjecture but notes too that the production of maraging steel is technically demanding, and it has no evidence that the Democratic People's Republic of Korea has acquired the relevant technologies. It therefore doubts that, even if the country has gained the capability to produce maraging steel, the product would be of a quality normally considered sufficient for use in enrichment centrifuges. Independent experts however have indicated the possibility that the Democratic People's Republic of Korea could use materials of lower parameters than those specified by the lists of designations in the resolutions for its nuclear programmes, though at an operational cost.[23]

26. The Democratic People's Republic of Korea claims that its uranium enrichment programme is for civilian purposes. The Security Council in its resolutions however decided that it shall abandon all nuclear programmes, and the unveiled uranium enrichment programme provides a possible second route to manufacturing nuclear weapons, in addition to the existing plutonium production programme. The Panel also notes concerns expressed by one analyst that the country could produce a nuclear warhead for its medium-range missiles in a reasonably short time after it produced sufficient HEU. Specifically the analyst suggested that the Democratic People's Republic of Korea, through its contacts with Abdul Qadeer Khan, probably had ample access to designs for nuclear warheads, including the HEU-based one developed for the Ghauri missile, a twin missile of Nodong.[24]

2. Light water reactor

27. The Democratic People's Republic of Korea announced in November 2010 that a prototype light water reactor was being built on the Yongbyon site, and in a statement on 30 November 2011 claimed that construction of a light water reactor

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[21] See also Leonard Spector, "North Korean nuclear test could trigger conflict in Middle East", *Kyodo News*, 19 April 2012; "Iran and the North Korean connection", *Strategypage*, 14 December 2011.

[22] See Clemens Wergin, "Syrien rüstet Raketen mit Nordkoreas Hilfe auf" (Syria equipping missiles with North Korean assistance), *Die Welt*, 24 November 2011; Yossi Melman, "North Korea supplying Syria, Iran with prohibited nuclear technology, report says", *Haaretz*, 28 November 2011.

[23] Olli Heinonen, former IAEA Deputy Director General for Safeguards, has told the Panel that the Democratic People's Republic of Korea could use material and components below the precision parameters specified in the Security Council resolutions.

[24] Larry Niksch, "When North Korea mounts nuclear warheads on its missiles", *The Journal of East Asian Affairs*, vol. 25, No. 2 (fall/winter 2011). The Panel can neither confirm nor refute this. The Democratic People's Republic of Korea has neither demonstrated nor claimed such a capability. See also Mary Beth Nikitin, "North Korea's nuclear weapons: technical issues", *CRS Report for Congress*, 29 February 2012; "Technical perspective on North Korea's nuclear test: a conversation between Dr. Siegfried Hecker and Dr. Gi-Wook Shin", Stanford University website, 10 October 2006.

was "progressing apace". Satellite imagery in annex IV shows construction under way of a building consistent with such a facility. The Democratic People's Republic of Korea has said that it plans to use the light water reactor to generate electricity.

3. Plutonium programme

28. It is likely that the two nuclear tests carried out by the Democratic People's Republic of Korea, in 2006 and 2009, were of plutonium-based explosive devices.[25] The country's total plutonium holdings are estimated to be 30 to 50 kg, enough for six to eight nuclear bombs. The precise number would depend on the minimum amount of plutonium needed for each device and on how much plutonium has already been used in the two nuclear tests. Expert consensus holds that the 5-MWe reactor and the radiochemical laboratory (reprocessing plant) at Yongbyon appear dormant, but could be reactivated in future, and that the metal fuel rod fabrication building (Building 4) has been converted.

4. Other nuclear issues

29. The Panel notes concerns of the Government of the Republic of Korea and of experts including Dr. Hecker that the nuclear facilities at Yongbyon do not comply with international safety standards, and that they therefore present a risk of nuclear accident.

30. The Panel notes a paper published in March 2012 concluding that it is possible that the Democratic People's Republic of Korea may have detonated low-yield nuclear devices in April and May 2010. Two Member States have dismissed this and the majority of independent experts remain unpersuaded.[26]

31. The Panel is aware of no evidence to support the Democratic People's Republic of Korea's claim to have developed a nuclear fusion programme (described in its final report of 2011, para. 66).

B. Other existing weapons of mass destruction programmes

32. Less is known about chemical and biological weapons programmes than about either the nuclear or the ballistic missile programmes. Since the Panel's final report of 2011 (see especially paras. 74-77), no new information related to these programmes has come to the attention of the Panel.

C. Ballistic missile and related programmes

33. A great variety of information is available concerning ballistic missiles and related programmes of the Democratic People's Republic of Korea, including numerous photographs of various weapons systems and launch facilities, and data

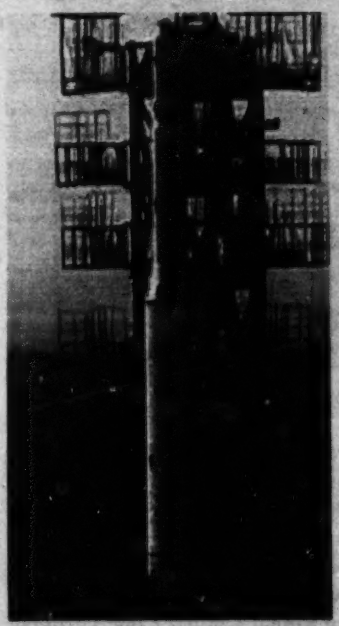
[25] Joshua Pollack, consultant specializing in nuclear non-proliferation and arms control, argues that the 2009 test may well have been of a uranium-based device.

[26] See Lars-Erik De Geer, "Radionuclide evidence for low-yield nuclear testing in North Korea in April/May 2010", *Science & Global Security*, vol. 20, No. 1 (2012). See also discussion about this article in Geoff Brumfiel, "Isotopes hint at North Korean nuclear test", *Nature News*, 3 February 2012 (available from www.nature.com/news/isotopes-hint-at-north-korean-nuclear-test-1.9972).

from prior flight tests. This shows substantive overlap between the country's ballistic missile and space launch programmes, such as use of the same technologies and facilities.

34. As announced, on 13 April 2012 (local time) the Democratic People's Republic of Korea launched a rocket called Unha-3 from the Sohae Satellite Launching Station, the new launch site close to Tongchangdong (also known as Tongchang-ri; see map in annex I for precise location and satellite imagery of the site in annex V) that the Panel reported in May 2011 as completed or about to be completed (see final report of 2011, para. 70).[27] The shape and dimensions of this three-stage rocket are extremely similar to those of the previous Unha rocket launched on 5 April 2009. This suggests that these two rockets are identical to a large extent (see figure III). Like all previous multi-stage rockets launched by the Democratic People's Republic of Korea in 1998, 2006 and 2009, the rocket failed. Analysts, on the basis of United States and other official data, estimate that it failed about two minutes into flight, before or during first and second stage separation.

Figure III
Comparison of Unha-2 (left) and Unha-3 (right)



Source: KCNA/AFP/Getty Images.

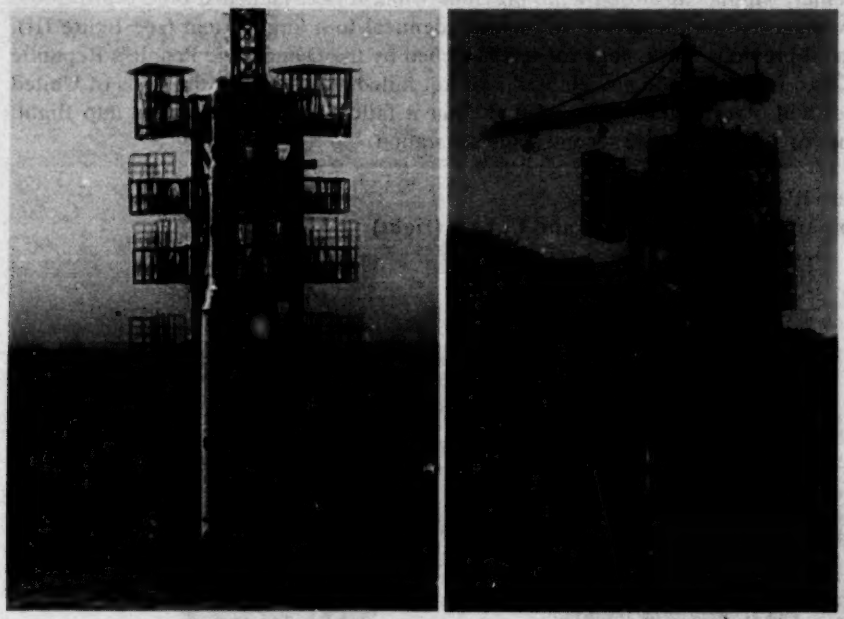
Source: PEDRO UGARTE/AFP/Getty Images.

35. On 16 April, the Security Council strongly condemned this launch and underscored that this satellite launch, as well as any launch that uses ballistic missile technology, even if characterized as satellite launch or space launch vehicle, is a serious violation of Security Council resolutions 1718 (2006) and 1874 (2009) (S/PRST/2012/13).

[27] Since May 2011, the Democratic People's Republic of Korea has laid train tracks to connect the launch site and a nearby railroad station and installed a crane at the top of the launch tower.

36. Reacting to this condemnation by the Security Council the Ministry of Foreign Affairs of the Democratic People's Republic of Korea and the Korean Committee for Space Technology declared that the Democratic People's Republic of Korea will continue to conduct satellite launches.[28] In that regard, the Panel notes that the launch tower at the Sohae facility is much larger than the one at the Tonghae facility[29] (see figure IV) and can accommodate much larger rockets than the one launched on 13 April 2012; the Sohae launch tower is reported to be 50 m high.

Figure IV
Comparison of Tonghae (left) and Sohae (right) launch towers



Source: KCNA/AFP/Getty Images. *Source*: Bobby Yip/Reuters.

37. Live broadcast of the military parade celebrating the centenary of Kim Il Sung's birth showed a considerable number of ballistic missiles. Alongside the already known missiles — commonly identified as KN-02, Hwasongs, Nodong and Musudan — the Democratic People's Republic of Korea paraded a new road mobile missile, called KN-08 by analysts, much larger than its other missiles. No fewer than six examples of this new missile were observed during the parade. Missile analysts express varying levels of doubts on the operational status of the Musudan and newest KN-08, neither of which has yet been flight-tested.[30] Analysts debate whether the KN-08s on display may have been mock-ups.

[28] See S/2012/239; "DPRK's satellites for peaceful purposes to continue orbiting space: KCST spokesman", KCNA, 19 April 2012; "Space conquest is inviolable sovereign right", KCNA, 3 May 2012.

[29] Close to Musudan-ri; see map in annex I for precise location and satellite imagery of the site in annex VI.

[30] Analysts assessed, however, that the Unha-2 tested in 2009 utilized the main engine of the Musudan as second stage. In 2009 both first and second stages performed as expected by Democratic People's Republic of Korea engineers. The third stage failed.

Figure V
KN-08 missile on 8-axle transporter erector launcher

Source: Bobby Yip/Reuters.

38. The newly revealed missile was carried by a new 8-axle transporter erector launcher (see figure V), bigger and more sophisticated than previous transporter erector launchers displayed by the Democratic People's Republic of Korea, which have had up to 6-axle configuration. An off-road mobile transporter erector launcher of such dimensions needs very advanced features such as the ability to pivot wheels in the front and back to assist steering, divided axle with differential gear to assist off-road movement, and hydro-pneumatic suspension to handle sensitive payloads. The Democratic People's Republic of Korea has not previously demonstrated its capacity to build such a vehicle. The Panel will further examine this.

VI. Analysis of the implementation of sanctions

39. The Panel learns many concrete details from national implementation reports as well as through exchanges with government officials. The Panel gathers additional information on various aspects of implementation, such as political willingness, legal infrastructure, and the responsibilities of and measures taken by different agencies. The Panel equally learns from reports on incidents of non-compliance and through its own investigations of alleged violations of the resolutions. On site examinations of seized containers, goods and documents contribute greatly to its understanding of the Democratic People's Republic of Korea's shipping and concealment techniques that challenge Member States in implementing the resolutions. These techniques and the challenges they pose are highlighted in the discussion of a variety of actual or alleged violations investigated by the Panel.

A. Challenges to efforts to implement the measures in the resolutions

40. Almost all Member States in contact with the Panel, even some of those that have not yet submitted their national implementation reports, express political support for the resolutions and willingness to implement them. Nevertheless overall implementation of the sanctions leaves much to be desired. Fewer than half of

Member States have submitted national implementation reports as required by the resolutions, and fewer still have lists of luxury goods.[31] The Panel's contacts with Member States suggest that the reasons for this vary. Many Member States, particularly those geographically and politically distant from the Democratic People's Republic of Korea, simply do not see implementation of the resolutions as a priority. Indeed, some Member States had not realized that anything was required of them. In some cases too the Panel has detected a general distaste for implementing sanctions regimes.

41. Many Member States say that they need to improve capacity to implement sanctions. Some say they have difficulties in incorporating the lists of goods prohibited by the resolutions into their own legal system, because of the technical complexities of the lists. Other challenges include raising awareness among different governmental agencies from top-level officials to lower and frontier law enforcement officials; conducting technical analysis to find the use of specific goods and their relation to prohibited lists; obtaining professional training for law enforcement officials, as well as technical assistance; creating government outreach to the private sector; and establishing enterprise internal compliance programmes.

42. Inspections, seizure and disposal present particular challenges. The Panel knows of some instances in which Member States conducted inspections but have not yet reported them (see paras. 63 and 68), and there are likely to be others. In most cases, the Member States had to delay reporting to avoid compromising internal legal proceedings. The Panel notes that since May 2011 some reports have been submitted months after the inspection was conducted. While the Panel understands unavoidable delays caused by legal and other constraints, the consequence is that information on which the Committee and Panel depend for their work is sometimes badly dated.

43. Similarly, the Panel does not know if and how many Member States decided against conducting inspections (in which case no reporting requirement arose) despite indications of illicit cargo from or bound for the Democratic People's Republic of Korea. But the Panel notes that, while the Security Council calls upon States to inspect cargo if there are reasonable grounds to believe that it may contain prohibited items, for many Member States a preponderance of evidence is deemed essential before deciding on inspection. The Panel's informal contacts with Member States indicate also that there are disincentives to conducting an inspection. First, a seizure following an inspection may cause the Member State problems. There are concerns that shippers may challenge such seizures in court. Secondly, after a seizure the Member State is left with the problem of disposing of the seized goods. This varies — the problems in disposing of seized luxury goods are usually less than those in disposing of, for example, weaponry — but can involve cost and inconvenience, and even danger. Sometimes commercial considerations, such as reluctance by large ports to allow inspections to slow cargo flow, discourage inspections. There may

[31] It is not an obligation for Member States to submit lists of luxury goods, but they are encouraged to do so by IAN 3. So far, four Member States (Japan, Republic of Korea, Russian Federation, United States of America) have submitted such lists with their national implementation reports, and another five (Australia, Canada, New Zealand, Singapore, Switzerland) refer to such lists without attaching them. In addition the European Union has published a list covering its 27 member States. This list is also referred to by Monaco, Norway and San Marino in their national implementation reports. See the illustrative list of items designated by Member States as luxury goods as at 30 April 2012 in annex VII.

also be other disincentives, including fear of political embarrassment, or through pressure from other States not to seize the goods.

44. Moreover, it is almost impossible for Member States to implement the sanctions on luxury goods unless they provide to their own law enforcement agencies lists of the goods whose export to the Democratic People's Republic of Korea they ban. In the absence of such lists law enforcement agencies usually cannot determine that the law has been broken even if they discover a relevant shipment.

45. Member States could greatly improve the implementation of the sanctions through quite simple actions. The Panel has found that even basic knowledge of the sanctions is far from universal in national Customs services and that, even where officials are aware of the sanctions, there are not always clear procedures in place for implementing them. If Customs officers everywhere simply knew that cargoes to and from the Democratic People's Republic of Korea require extra vigilance, knew what to do if they encounter one, and were prepared to challenge inadequate documentation, then at least some violations could be avoided. Similarly, basic vigilance on the part of financial officials, and a willingness to question transactions involving the Democratic People's Republic of Korea, is often effective in improving the implementation of the sanctions.

46. Despite these difficulties, during the period under review, several Member States have taken action under the resolutions, sometimes causing inconvenience to their Governments when they conduct inspections.

B. Reports of Member States

1. National implementation reports

47. Both the resolutions require every Member State to report to the Security Council on concrete measures taken to implement effectively the relevant provisions of the resolutions. As at March 2012, however, only 93 Member States had done so under either of the resolutions — 48 per cent of the United Nations membership. This is shown in figures VI and VII. Figure VI also shows that there are concentrations of late reporting in Africa, Latin America and the Caribbean, and in the Pacific. Figure VII shows that, after a rapid initial response to the resolutions, the reporting rate has slowed to a trickle. Since May 2011 Andorra, Armenia, Brunei Darussalam, Bulgaria, Chile, Colombia, Croatia, Montenegro, Norway, Panama, the Republic of Moldova, San Marino and Turkmenistan have provided reports on their implementation of resolution 1718 (2006) and/or resolution 1874 (2009).

48. The Panel remains concerned at this low rate and slow pace of reporting and has worked to improve the figures. It remains concerned, further, not only at the quantity but also at the quality of reports. Some Member States have clearly taken great care over reports that provide detailed information while others report less extensive information. Several Member States have told the Panel that the Committee's IAN 2 has helped them in preparing their reports. The Panel stands ready to assist the Committee in implementing paragraph 1 (b) of its new programme of work.

Figure VI
Overview of reporting by Member States, by region

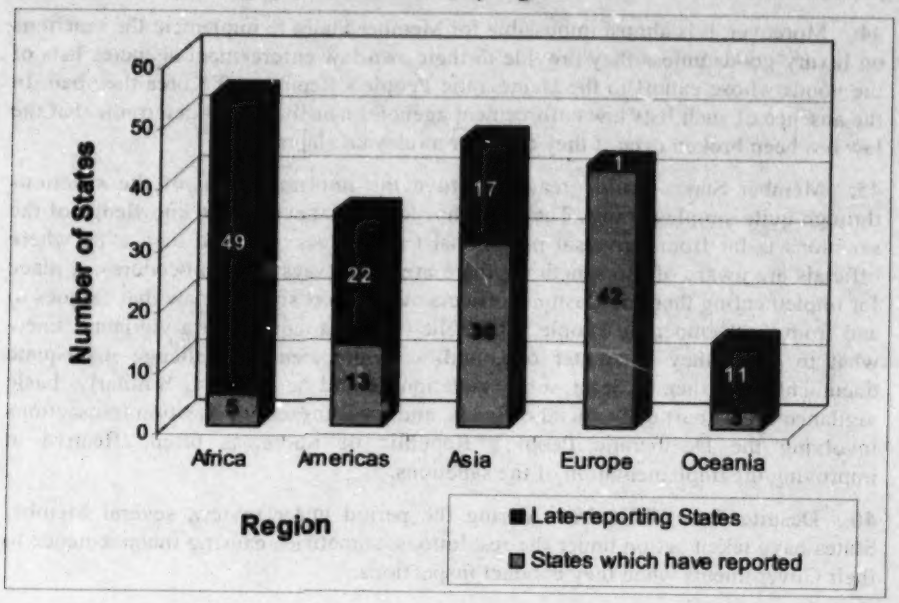
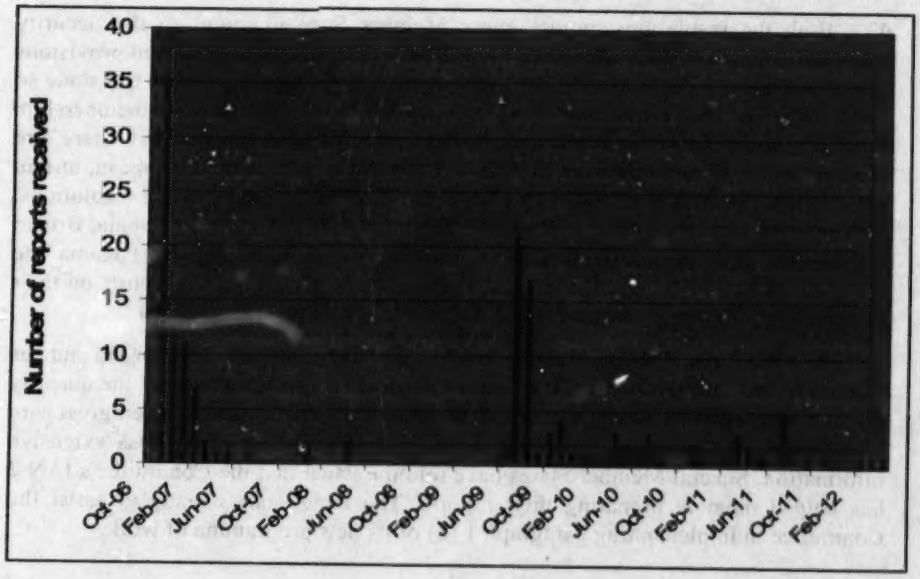


Figure VII
Monthly submission of national implementation reports under resolutions 1718 (2006) and 1874 (2009)



2. Reports on inspection, seizure and disposal

49. Member States are required by paragraph 15 of resolution 1874 (2009) to submit promptly to the Committee reports containing relevant details when they conduct an inspection or seize and dispose of cargo.

50. Since May 2011, three Member States have provided such reports to the Committee.[32] Two of these are related to the inspection and subsequent seizure of shipments coming from the Democratic People's Republic of Korea that were found to contain items falling under the category of all arms and related materiel.

51. The third report, submitted in June 2011, relates to an attempt by the United States to inspect a vessel, with the consent of the flag State, on the high seas pursuant to paragraph 12 of resolution 1874 (2009). The United States reported that it had reasonable grounds to believe that the MV *Light*,[33] which departed the Democratic People's Republic of Korea in May 2011, was transporting items prohibited by resolutions 1718 (2006) and 1874 (2009). With permission from Belize, the flag State, on 26 May, a United States Navy ship hailed the MV *Light* and informed the shipmaster of its intention to inspect. The shipmaster responded that it was a Democratic People's Republic of Korea ship and that it refused to be boarded and inspected.[34] The United States therefore requested the assistance of several other Member States in the region, including inspecting the vessel should it enter one of their ports. However, on 29 May, the MV *Light* changed course and returned to the Democratic People's Republic of Korea.

3. Other reports on incidents of non-compliance

52. In resolutions 1874 (2009), 1928 (2010) and 1985 (2011) the Security Council urged all States, relevant United Nations bodies, and other interested parties to cooperate fully with the Committee and with the Panel, in particular by supplying any information at their disposal on the implementation of the measures imposed by resolutions 1718 (2006) and 1874 (2009).

53. Since May 2011, several Member States have voluntarily provided to the Committee information on incidents of non-compliance unrelated to inspection, seizure and disposal as defined by paragraphs 11 to 14 of resolution 1874 (2009). No less than seven reports were provided by Japan, the United Kingdom and Germany. The majority of these reports relate to instances in which prohibited items had been successfully delivered to or by the Democratic People's Republic of Korea.

54. These valuable reports illustrate the importance of Member States providing to the Committee and to the Panel information on illicit movements of goods whether these are accomplished (when proscribed items are known to have been supplied to the Democratic People's Republic of Korea); attempted (when the export of proscribed items to the country is stopped before the items actually enter into international commerce); or denied (when acquisition or export permission is sought but immediately denied by private companies or the relevant authorities).

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[32] The Committee also received reports in response to requests for information made by the Committee and the Panel of Experts on incidents of non-compliance previously reported. These are not counted here.

[33] IMO No. 8415433, currently named *Victory 3* and flying the Sierra Leone flag.

[34] The vessel also declared a false last port of call in China, claimed that its destination was Bangladesh and that it was carrying a cargo of sodium sulfate, a common commercial chemical.

55. During this mandate, several Member States briefed the Panel on incidents of non-compliance which occurred before Member States were required to report on inspection, seizure and disposal by resolution 1874 (2009).

C. Export- and import-related measures

56. During the period under review, Member States provided to the Committee compliance-related reports describing several new incidents of non-compliance, and other such incidents came to the attention of the Panel through other sources. All these new incidents prove that the Democratic People's Republic of Korea continues to reject and violate the sanctions. These new cases are described below, together with updates on previous violations that the Panel continued to investigate during this mandate (some of these cases were described in more detail in the Panel's final report of 2011). National implementation reports show that many Member States have taken effective measures to prevent illicit transfers. Some have told the Panel of their application of such techniques as due diligence and "know your customer" rules, and of partnerships between national authorities and private sectors.

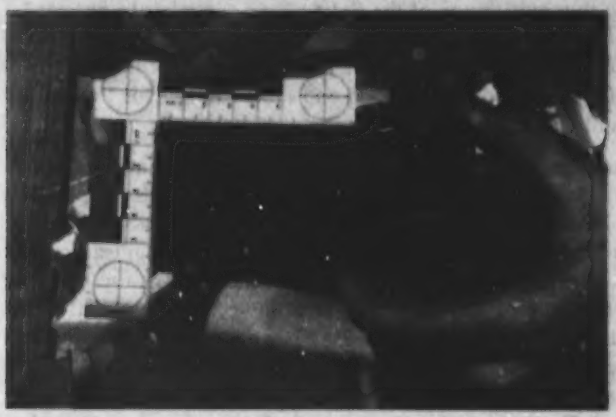
1. Nuclear, other weapons of mass destruction and ballistic missile-related transfers

57. The Panel confirmed information reported in its final report of 2011 (para. 83) on a potential incident of non-compliance involving transfer of ballistic missile-related items. This shipment was seized by a Member State in October 2007. The Panel inspected the shipment and noted that it contained electrical and thermal switches, rolls of different materials and small quantities of metallic alloys, as well as Korean food and other items.[35] The Panel was also shown photographs of 130 blocks of solid double-base propellant that had been removed for safety reasons (see figure VIII). It was confirmed by another Member State that 50 of the double-base propellant blocks (6 cm in diameter and 13 cm in height) were usable for gas generators to power Scud missile turbopumps and that the other items were dual-use items having potential ballistic missile applications. This shipment originated in the Democratic People's Republic of Korea, was trans-shipped in Dalian (China), and Port Kelang (Malaysia), and transited through other ports. It was en route to Lattakia, Syrian Arab Republic. According to the bill of lading, the consignor was an entity of the Democratic People's Republic of Korea named Korea General Trading Corporation and the consignee was Handasieh General Organization Engineering Industries, a reported front company of the Scientific Studies and Research Centre of the Syrian Arab Republic.[36] A Member State has stated however that the real consignor was Korea Tangun Trading Company, an entity designated by the Committee on 16 July 2009. During its inspection, the Panel saw that the items' wrappings were marked "Tangun" in Korean.

[35] The shipment contained food in Democratic People's Republic of Korea-labelled tins (see figure IX) and DVDs of movies marketed by the Mokran Video Company or Korea Hana Electronics of the Democratic People's Republic of Korea and a personal letter, all in the Korean language.

[36] The Scientific Studies and Research Centre has been designated by the United States under Executive Order 13382 for its suspected implication in Syrian weapon of mass destruction programmes. See United States Department of the Treasury, notice HP-216 of 4 January 2007. In addition, Japan has identified both the Scientific Studies and Research Centre and Handasieh as entities of proliferation concern.

Figure VIII
Double-base propellant block



Source: Authorities of the Member State that seized the cargo.

Figure IX
Sample of Korean food items found in the shipment

Source: Panel of Experts.

58. Recent media articles and academic papers have reported possible ongoing missile cooperation between the Democratic People's Republic of Korea and other States, in particular Iran (Islamic Republic of) and the Syrian Arab Republic. The Panel can neither confirm nor deny any of this information, but notes that this would be consistent with reports of the long history of missile cooperation between the Democratic People's Republic of Korea and these countries and with the Panel's observations. As previously reported by the Panel, on 10 October 2010 the Democratic People's Republic of Korea displayed a new warhead for its Nodong missile, which presented a strong similarity in design with the Iranian Shahab-3 triconic warhead. The Panel observes that the Unha rockets also present significant design similarities with Iranian space launch vehicles. The first stage of the Unha strongly resembles the Simorgh unveiled by the Islamic Republic of Iran early in 2010. Released video footages of the Unha-3 confirmed previous estimates that both

are constituted of a cluster of four Nodong/Shahab-3 motors. While the composition of the Unha third stage cannot be determined with certainty, its width and shape also suggest that it is similar to the upper stage of the Safir which successfully inserted a small satellite into low-earth orbit in February 2009.[37] As indicated in the previous paragraph, the Panel also observed that a shipment containing ballistic missile-related items seized in 2007 contained Korean food and other items. This indicates a Democratic People's Republic of Korea presence at the destination.[38]

59. The Panel notes that the President of Myanmar recently repeated previous statements to the effect that Myanmar does not have nuclear or weapons cooperation with the Democratic People's Republic of Korea.[39] But the Panel has also taken note of a recent declaration by another high-ranking official suggesting that Myanmar may have had other prohibited cooperation with the Democratic People's Republic of Korea. The Speaker of Parliament, Thura Shwe Mann, recently said "During my visit to North Korea as a general [in 2008], we signed a memorandum of understanding on cooperating between the two armed forces. It was not on nuclear cooperation as is being alleged ... We studied their air defence system, weapons factories, aircraft and ships. Their armed forces are quite strong so we just agreed to cooperate with them if necessary".[40] It has been reported that the delegation also visited a ballistic missile factory. The Panel is concerned that the activities under that memorandum of understanding may be violating paragraph 8 (c) of resolution 1718 (2006). Member States have told the Panel that in May 2011 the MV *Light* was heading to Myanmar[41] (as was the *Kang Nam 1* in June 2009). The shipmaster's refusal to allow the inspection authorized by the flag State heightened suspicion that the vessel was engaged in activity violating resolutions 1718 (2006) and 1874 (2009). Additional information suggesting possible cooperation between the Democratic People's Republic of Korea and Myanmar is in paragraph 91 below.

60. In 2007, Israel destroyed a building in Dair Alzour, Syrian Arab Republic, that may have been built with the assistance of the Democratic People's Republic of Korea. The Syrian Arab Republic has consistently maintained since May 2008 that the destroyed building was a non-nuclear military installation and that it had no nuclear-related cooperation with the Democratic People's Republic of Korea. In its report of 24 May 2011 IAEA concludes "that the destroyed building was very likely a nuclear reactor and should have been declared by Syria".[42] On the basis of that

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[37] Both are believed to be based on steering engines found on the R-27 missile, also known as the SS-N-6.

[38] This is not the first time that the Panel has observed food in a shipment. During its visit to Brazzaville, the Panel visited the barracks used to house technicians from the Democratic People's Republic of Korea and saw numerous items that had been left behind. Many of these items had been shipped from the Democratic People's Republic of Korea in containers stuffed with arms-related materiel.

[39] See for example "Burma's President gives his first foreign interview", *The Washington Post*, 19 January 2012.

[40] See "Myanmar denies working with North Korea on atomic weapons", *Reuters*, 9 December 2011.

[41] The MV *Light*'s master declared that its destination was Bangladesh and that it was carrying sodium sulphate, a common commercial chemical. However, his declarations are subject to caution as it is established that he also declared a false last port of call in China.

[42] "Implementation of the NPT Safeguards Agreement in the Syrian Arab Republic", report by the Director General, 24 May 2011 (GOV/2011/30). Some experts have noted the similarity between the destroyed building and the 5-MWe nuclear reactor at Yongbyon.

report, the IAEA Board of Governors decided on 9 June 2011 to report the non-compliance of the Syrian Arab Republic to the Security Council,[43] which discussed this issue on 14 July 2011.

61. The Panel obtained additional information on a potential incident of non-compliance reported in paragraph 81 of its final report of 2011. The Panel confirmed that the Democratic People's Republic of Korea imported two computer numerically controlled lathes and one milling lathe from a country in the region. The law enforcement authority of that country found out that a trading company, owned by a national of the Democratic People's Republic of Korea, functioned as an intermediary in this transaction. This case was brought to court, where the company was fined and its owner was sentenced to six months in jail.

62. The Panel learned also that an export control authority of the same country in the region prevented an attempt by the Democratic People's Republic of Korea to procure a 5-axis computer numerically controlled machining centre that can be used for missile-related applications from a local company through an intermediary late in 2011. Subsequently, the authority revoked the company's export licence for this transaction.

63. The Panel still has no further information on the dual-use case in paragraph 82 of its final report of 2011.

Comment

64. No incidents of non-compliance involving the transfer to or from the Democratic People's Republic of Korea of proscribed nuclear, other weapons of mass destruction and ballistic missile items have been reported to the Committee since May 2011. Nevertheless, investigations of previous incidents, of other potential incidents of non-compliance and other information brought to the Panel's attention and discussed in this section, as well as in its previous reports, provide extensive evidence that the Democratic People's Republic of Korea continued actively to provide and acquire prohibited items well after the adoption of resolution 1718 (2006). The proliferation risk related to the country's programmes continues.

2. Arms and related materiel transfers

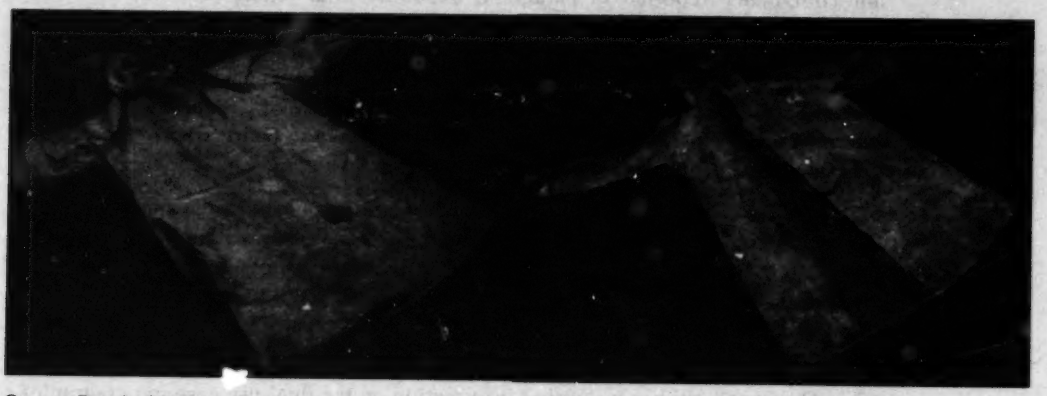
65. On 19 September 2011, a Member State informed the Committee that in November 2009 it had discovered and seized four containers stuffed with items falling into the category of "all arms and related materiel". The shipment contained 13,000 protective coats (see figure X) that the Member State reported to have military use for chemical protection, 23,600 gas indicator ampoules to detect specific chemical substances (see figure XI), as well as other items.[44] During an on-site examination of the cargo in January 2012, the Panel confirmed that some of the items bore clear traces of manufacture in the Democratic People's Republic of

[43] "Implementation of the NPT safeguards agreement in the Syrian Arab Republic", resolution adopted by the Board of Governors on 9 June 2011 (GOV/2011/41).

[44] Protective equipment and chemical detection or identification equipment specially designed or modified for military use is listed as controlled goods on the Wassenaar Arrangement Munitions List (ML7.f.1 and ML7.g.); the same equipment not specially designed for military use is listed in the Wassenaar Arrangement Dual-Use List (1.A.4.b and 1.A.4.c.3).

Korea. Further, the Panel confirmed that the coats were identical to those seized in October 2009 on board the *MSC Rachele*.[45]

Figure X
Protective coats seized in October 2009 (left) and November 2009 (right)



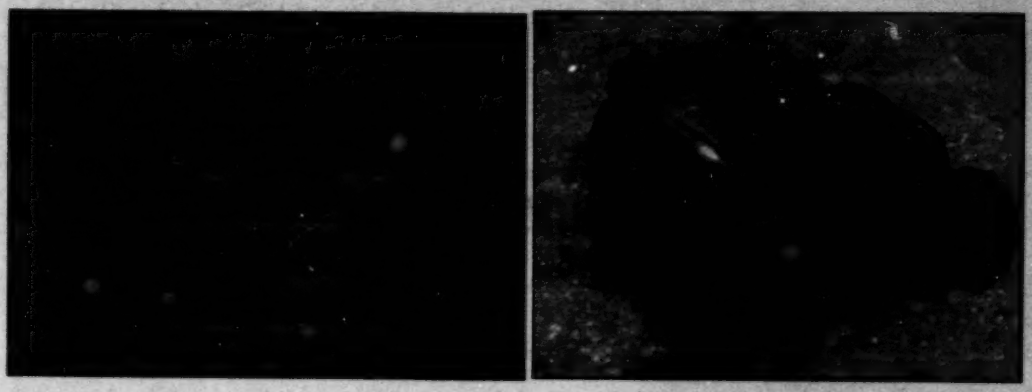
Source: Panel of Experts.

66. The Panel concludes that these two shipments were linked and, considering the absence of protective boots in the second shipment, that one or several other shipments may have escaped seizure. As in the *MSC Rachele* case, the cargo originated from Nampo, was trans-shipped through the port of Dalian (China), transited through Jeddah (Saudi Arabia) and other ports, and was en route to Lattakia, Syrian Arab Republic. The intended recipient of the goods was again declared as the Environmental Study Centre in the Syrian Arab Republic. The Syrian Arab Republic had previously and repeatedly disavowed the shipment seized on the *MSC Rachele*. However, in March 2012, it indicated that the second shipment of suits and ampoules seized was for agricultural and laboratory use in the Syrian Arab Republic. As previously indicated by the Panel, the Environmental Study Centre appears to be linked with the Higher Institute of Applied Sciences and Technology, an educational institution which provides training to Scientific Studies and Research Centre engineers.[46]

[45] See paragraph 62 of the Panel's final report of 2010 (S/2010/571).

[46] Both the Higher Institute of Applied Sciences and Technology and the Scientific Studies and Research Centre have been designated by the United States un[illegible]Executive Order 13382 for their suspected implication in Syrian weapons of mass destruction programmes. See United States Department of the Treasury, notice HP-216 of 4 January 2007. In addition, Japan has identified the Higher Institute of Applied Sciences and Technology and the Scientific Studies and Research Centre as entities of proliferation concern.

Figure XI
Set of gas indicator ampoules and gas mask seized in November 2009



Source: Panel of Experts.

67. In April 2012, France reported to the Committee that it had inspected and seized in November 2010 an illicit shipment of arms-related materiel originating from the Democratic People's Republic of Korea and destined for the Syrian Arab Republic. The shipment was seized on board the containership MV *San Francisco Bridge*. It was declared as containing copper bars and plates. However, France's inspection of the cargo revealed that it contained brass discs and copper rods used to manufacture artillery munitions (pellets and rods for crimping cartridges and driving bands) and aluminium alloy tubes usable for making rockets. France concluded that this shipment of goods used for the manufacturing of arms and ammunition was a violation of resolutions 1718 (2006) and 1874 (2009).

68. As indicated by the Panel in annex B to its previous final report, media articles reported in May 2011 that a vessel travelling from the Democratic People's Republic of Korea had just been intercepted in the Indian Ocean by international maritime forces, who found 15 tons of rockets and US$ 15 million worth of explosives on board.[47] The reports further claimed that the vessel travelled via Singapore and that it was now docked in an East African port. In discussions with Member States the Panel received confirmation that several containers packed with arms-related items had been inspected and seized at that time in an East African port. The Panel continues to investigate this potential incident of non-compliance.

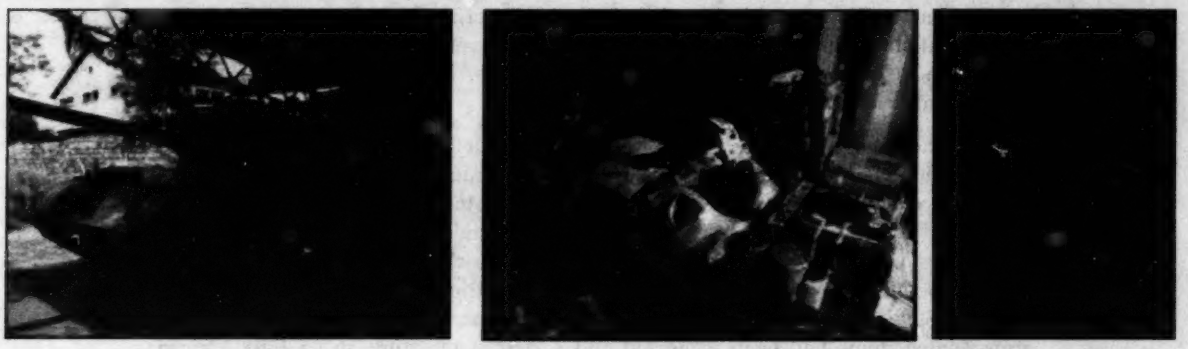
69. The Panel had obtained information from media sources about a seizure of handguns, ammunition, narcotics and other illegal goods on board the Democratic People's Republic of Korea-owned and flagged vessel *Chong Chon Gang*[48] in Ukraine late in January 2010.[49] Responding to the Panel's enquiries the Ukrainian authorities confirmed the seizure of limited quantities of ammunition, narcotic drugs and psychotropic substances, and other contraband goods. In the opinion of the relevant Ukrainian agencies, the small quantities uncovered did not suggest involvement of the authorities of the Democratic People's Republic of Korea.

[47] "NATO navy captures armament-filled ship, bound for Eritrea", *Gedab News*, 5 May 2011.
[48] IMO No. 7937317.
[49] "Ukraine detains North Korea's dry cargo ship with illegal goods", *Ukrinform*, 3 February 2010.

70. Since May 2011, the Panel has received five official communications from Member States in response to previous or new requests for information regarding the illicit shipment of arms and related materiel seized by Thailand in December 2009. The Panel still awaits responses from three other Member States and intends, on the basis of new or expected information, to send additional requests for information.

71. In October 2009 South Africa intercepted items on board the *Westerhever* that the Republic of the Congo later confirmed were part of a contract with the Democratic People's Republic of Korea to refurbish and upgrade armoured military vehicles and other military equipment in the Republic of the Congo. During its visit to Brazzaville in December 2011, the Panel viewed some of the military equipment (see figure XII) and obtained useful documents detailing the role of entities and individuals of the Democratic People's Republic of Korea. It also learned about earlier deliveries made by the Democratic People's Republic of Korea before the one impounded by South Africa. In 2008, at least two other shipments containing arms-related materiel were delivered by sea, while a third was delivered by air.[50] The Panel is expecting additional information regarding these shipments and other matters related to the contract with the Democratic People's Republic of Korea. The Panel also hopes to visit South Africa to inspect the items seized before submitting a final incident report to the Committee.

Figure XII
Tank and samples of arms-related materiel



Source: Panel of Experts.

72. The Panel has noted media reports that in October 2009 there was an illicit transfer of heavy machine guns from the Democratic People's Republic of Korea to Burundi by a Seychelles-registered firm. The Panel has gathered information regarding this and has confirmed many details of the contract between the Seychelles-registered firm, called Cranford Trading, and Burundi, as well as of the arms delivered. The Panel has confirmed that heavy machine guns were delivered. However, because neither Burundi nor Seychelles has yet replied to its enquiries, the Panel has not yet confirmed if or when these heavy machine guns were transferred from the Democratic People's Republic of Korea.

[50] The documents available to the Panel show that all three shipments either originated from or were trans-shipped through China.

73. On 21 November 2011 the United Kingdom notified the Committee that a criminal prosecution had started in relation to the suspected supply of goods from the Democratic People's Republic of Korea that are subject to trade controls. No further official information on this case is yet available but the Panel notes informed media comment that the goods concerned were weapons.

74. A Member State told the Panel that it had stopped the sale of 32 retired fighter aircraft in 2009 because of the suspicion that they would be transferred to the Democratic People's Republic of Korea. The aircraft were later destroyed.

Comment

75. Resolution 1874 (2009) bans the transfer to and from the Democratic People's Republic of Korea of all arms and related materiel[51] except for the provision to the country of small arms and light weapons, which can be supplied with five days' advance notice to the Committee — although no Member State has ever done this. Many Member States have provided the Panel with details of their implementation, including domestic laws and regulations and arms export controls. Difficulties in confirming that seized goods originate in the Democratic People's Republic of Korea are a recurring challenge, in which the Panel strives to be helpful.[52] In all these cases the arms involved were old-fashioned, mostly of 1960s or 1970s types.

3. Ban on luxury goods

Luxury goods cases reported by Japan

76. During the period under review the Panel examined both cases reported by Japan to the Committee since May 2011 and cases previously brought to its attention. These are discussed separately below.

77. On 6 July 2011 and 26 January and 2 May 2012, Japan reported to the Committee a total of five violations of the ban on luxury goods. The Panel was further informed of two other potential violations of the ban on luxury goods not yet reported by Japan. According to Japan, all except (a) below involved trans-shipment through, and/or intermediaries based in, China. These illegal exports of luxury goods include:

(a) Three second-hand Mercedes Benz cars (valued at ¥7.23 million)[53] in two shipments in September and December 2008, via the Republic of Korea. The end user was Sang Myong 2 (a Democratic People's Republic of Korea company). Legal proceedings have been completed;

(b) Ten thousand rolls of tobacco and 12 bottles of sake (valued at ¥183,000) in December 2008;

[51] It is noted by one Panel member that there may be different opinions on how wide the scope of the definition is.

[52] The Panel has for example researched how the Democratic People's Republic of Korea stamps its weapons.

[53] Throughout this section, values are as declared by the shipper. These may either over- or understate market value.

(c) A notebook-type computer[54] (valued at ¥105,800) by air on 26 March 2009;

(d) A total of five second-hand passenger vehicles (three Mercedes Benz cars, one Lexus, and one GMC Safari, valued at ¥6,111,000) from Japan on 20 May and on 10 June 2009;

(e) A total of 698 second-hand notebook-type computers in five shipments in November 2008 and in February, March and June 2009, from Japan. These second-hand notebook-type computers were part of larger illicit shipments of a total of 7,196 computers.[55] The known end user of one of the shipments is the Pyongyang Informatics Centre;[56]

(f) Cosmetics (valued at about ¥200,000) in two shipments in February and April 2010;

(g) Ten used notebook-type computers (valued at ¥100,000) in July and December 2010.

78. Information from Japan confirmed many details of the additional five cases of illegal shipments and attempted shipments of luxury goods from Japan to the Democratic People's Republic of Korea via Dalian that the Panel has been investigating. Legal proceedings on these cases are completed. These illegal shipments to the Democratic People's Republic of Korea included:

(a) Thirty-four second-hand pianos (valued at ¥2,681,515) in October 2008 and four second-hand Mercedes Benz cars (valued at ¥4,071,965) in December 2008, at the request of Korea Rungrado General Trading Corporation;

(b) Cosmetics (valued at approximately ¥160,000) in October 2008. The end user was Shinfung Trading Corporation, a Democratic People's Republic of Korea company;

(c) Three second-hand pianos (valued at ¥600,000) in February 2009 (they were first shipped to Busan and then to Dalian);

(d) A total of 673 cosmetic items of 21 different kinds (valued at ¥507,359) in May 2009. The end user was Shinfung Trading Corporation;

(e) Twenty-two second-hand pianos (valued at ¥2,101,207) to the Democratic People's Republic of Korea in November 2008.

Common elements in the Japanese cases

79. The information provided by Japan indicates that the Democratic People's Republic of Korea has a record of active violations of the Japanese ban on luxury goods under the resolutions. In these cases the Democratic People's Republic of Korea repeatedly used false declarations of destinations and consignees, small Japanese companies with previous records of transactions with the Democratic

[54] Notebook computers are included in Japan's list of banned luxury goods as portable information devices.

[55] Not all computers are defined as luxury goods by Japan.

[56] Japan indicated to the Panel that the Pyongyang Informatics Centre was also the end user in a previous illegal export of an inverter having nuclear applications, from Japan to the Democratic People's Republic of Korea through China by air, in 2003. The Pyongyang Informatics Centre is also known as the Pyongyang Information Centre.

People's Republic of Korea, entities and individuals that have violated other aspects of Japan's export control regulations, ethnic Korean residents of Japan, middlemen, and money-laundering techniques to disguise the relationship between transactions and shipments. The following entities of the Democratic People's Republic of Korea figure frequently:

- Korea Rungrado General Trading Company (Pyongyang; aka Korea Rungrado Jonsong Trading Company)
- Shinfung Trading Corporation (Pyongyang; aka Shinhung Trading)
- Sang Myong 2 (Pyongyang), whose parent company the Japanese authorities assess to be Korea Sangmyong General Trading Corporation (Pyongyang).

80. According to Japan, in all but one case the entities and individuals involved in Japan were introduced by end users in the Democratic People's Republic of Korea to middlemen in China, especially Dalian Global Unity Shipping Agency, who gave specific instructions about the shipments and transactions. Most payments were made in advance and either hand carried or wire-transferred to the consignors through intermediaries in China in order to conceal their origins. Definitions of luxury goods by Member States are not consistent. Chinese Customs officials told the Panel that most of the above-mentioned goods were not considered luxury goods by China.

European luxury goods cases

81. The Panel noted recurrent media reports about the acquisition by the Democratic People's Republic of Korea of Swiss luxury watches. Switzerland, like some European Union member States, uses a value threshold to distinguish between ordinary and luxury watches. Although Switzerland sets its threshold far higher, it nonetheless is below established prices for basic models marketed by commonly identified producers of luxury watches. Visiting Switzerland the Panel learned that hardly any watch sales to the Democratic People's Republic of Korea are in the luxury category. Since 2006, a few exports slightly above the threshold were noted; quantities were small, suggestive of happenstance. The Panel concluded that any luxury watches sold in the Democratic People's Republic of Korea are most likely to be sourced elsewhere. Industry officials pointed out that manufacturers had little control over who purchased their watches once globally distributed.

82. The Panel recently visited Italy and obtained documents on a number of cases previously reported by that country and discussed in the final report of 2011, namely (a) interception of a shipment by air of electronic equipment for a one-thousand person cinema hall; (b) interception of a similar shipment by air of high-end equipment suitable for reproducing sound and images in performance halls; (c) confiscation by port authorities of a shipment of liquor (cognac and whisky); and (d) blocking of an attempt to airfreight a shipment of high-quality (€150 per pair) United States-made tap-dancing shoes.

83. In both cases (a) and (b), the purchaser was Chong Song Company Ltd. of the Democratic People's Republic of Korea, which did not disclose its contact information. Panel searches have found no listing for this company. The Security Council in May 2012 designated the Green Pine Associated Corporation of the Democratic People's Republic of Korea, which frequently uses aliases, some of which include the name Chongsong. In both cases (c) and (d) the purchasers in the

Democratic People's Republic of Korea used the same small Italian company to procure and ship the commodities (which apparently are outside its line of business). The Italian company had a prior commercial relationship with the Democratic People's Republic of Korea.

84. The Panel obtained copies of contracts for the purchase of two yachts concluded by the Austrian firm Schwartz Motorbootservice und Handel GmbH. It also obtained associated financial records and copies of contracts transferring rights and responsibility for making payments from the Austrian firm to a Chinese firm, Complant International Transportation (Dalian) Company Ltd. Member States provided information that Josef Schwartz, during questioning by Austrian police, admitted to being aware of the triangulation that Complant was planning to carry forward, with the intent of selling the ships, subsequently, to the Democratic People's Republic of Korea. He was convicted by an Austrian court of violating applicable law of the European Union on restrictive measures against the Democratic People's Republic of Korea both for his attempt to export yachts and in a related case of exporting luxury automobiles to the Democratic People's Republic of Korea, fined, and sentenced to a nine-month prison term (on parole for a period of three years).

85. The Austrian court judgement records Schwartz's purchase of eight S-class Mercedes automobiles for the Democratic People's Republic of Korea. The Chinese firm Complant International is identified as a falsely declared end user for some of these vehicles. Austrian authorities learned that Schwartz purchased the vehicles at the order of Kwon Yong Rok, a citizen of the Democratic People's Republic of Korea and formerly long-term resident of Austria (he has since left). Numerous media reports and several books have linked Kwon Yong Rok to Office 39 of the Democratic People's Republic of Korea. He was associated with Golden Star Bank in Vienna (a subsidiary of Korea Daesong Bank, itself subordinated to Office 39)[57] before it was shuttered by regulators.

Mercedes Benz limousines in Pyongyang

86. On 15 April 2012, two customized Mercedes Benz limousines were displayed during the military parade organized in Pyongyang celebrating the one hundredth anniversary of Kim Il Sung's birth. The vehicles appear to have features similar to those found on recent models, in particular the S-class S600 series. A journalist has told the Panel that he observed more than 10 Mercedes Benz E-class E350 series cars in front of a Pyongyang gymnasium, on 16 April.[58] The Panel intends to collect more information on these vehicles.

Transfer of computers and computer servers by the World Intellectual Property Organization

87. The Panel notes press reports that WIPO has shipped computers and associated computer servers to the Democratic People's Republic of Korea, at an unspecified date. Leaked WIPO documents allegedly relating to the transaction suggest that WIPO Geneva headquarters authorized payment of US$ 52,638 to a supplier but that this payment was blocked by Bank of America. They also suggest that WIPO

[57] According to United States and European Union designations of Korea Daesong Bank.

[58] Panel member's telephone interview, on 8 May 2012, with a foreign journalist who visited Pyongyang in mid-April 2012.

received internal legal advice that the transaction was proper. The Panel intends to collect more information about this case.

Comment

88. The implementation of the sanction on luxury goods remains deeply problematic. Most Member States have not created the lists of luxury goods to be banned under the sanction despite the Committee's encouragement to them to include these in their reports, so that it is unclear how or if the sanction is implemented in their territories. Moreover, the Democratic People's Republic of Korea is able to exploit differences between such lists, where they exist, to avoid bans in one Member State by shopping in another — and the Panel sees little evidence of information-sharing between Member States on what might be included in these lists. Pyongyang residents and visitors say that luxury cars are seen in Pyongyang. They have also told the Panel that imported luxury goods, both authentic and forgeries, including expensive liquors and cosmetics, are widely and openly available there and perhaps elsewhere in the Democratic People's Republic of Korea. While some Member States have reported seizure of luxury goods, many reports of Member States show that the Democratic People's Republic of Korea was able to import these. All this indicates that the ban on luxury goods has not disrupted effectively the supply of such goods either to the elite of the Democratic People's Republic of Korea or to the rising Pyongyang middle class.

89. The Committee's IAN 3 of 5 December 2011 offers guidance on implementation. But despite this Member States continue to tell the Panel that this lack of coordination troubles them and to seek clarification from the Panel on the scope of the sanction.

4. Other cases of interest

90. On 21 December 2011 Germany notified the Committee that in 2009-2010 it had investigated an alleged violation of the sanctions involving six powerful motors for seagoing vessels. The authorities had concluded that there was no evidence of any sanctions violation. No further information on this case is yet available.

91. Japan gave the Panel more information about illegal shipments of three cylindrical grinding machines and an LCR meter[59] to Myanmar in 2008 as well as about two attempted shipments of an automatic direct current magnetization characteristic recorder to Myanmar via Malaysia in 2008 and 2009.[60] Japan has informed the Panel that court documents show that an ethnic Korean resident in Japan carried out these transactions, acting under instructions from the Beijing Office of New East International Trading Ltd., a front company of the Democratic People's Republic of Korea based in Hong Kong (its Pyongyang office is designated by Japan). The Panel plans to seek confirmation of this from China. Although the consignee was declared as the Directorate of Myanmar Industrial Planning in the Ministry of Industry II, the Japanese authorities found out that the real end user was the Directorate of Defence Industries in Myanmar. Experts say that these items, together with an item already in the individual's possession, can be used together to produce a gyroscope system for missiles. Furthermore, in 2008 the same individual

[59] An electric device to measure inductance (L), capacitance (C) and resistance (R).

[60] Legal proceedings have been concluded in Japan. See also S/2010/571, para. 51, and the Panel's final report of 2011, para. 87.

reportedly exported to the same Myanmar customer four large air-conditioning units suitable for cooling hot, damp environments such as tunnels, at the request of two companies, one of which was based in the Democratic People's Republic of Korea.[61] Japan suspected that entities of the Democratic People's Republic of Korea helped the Myanmar military to acquire dual-use items from Japan.

92. Japan also told the Panel about two shipments and an attempted shipment of a total of four power shovels in 2009, and about two attempted shipments of two tanker trucks in 2007 and 2008.[62] Shinfung Trading Company, Ltd. and Korea Paekho 7 Trading were involved in these transactions.

Comment

93. These cases provide useful information on the techniques used by the Democratic People's Republic of Korea to circumvent the resolutions. In these transactions, the country used the same techniques as it did when procuring proscribed luxury goods from Japan (see paras. 79 and 80). It used an unwitting trading company to file a false export declaration in Japan. Two entities involved in these transactions were also involved in the illicit exports of luxury goods from Japan to the Democratic People's Republic of Korea. The first Japanese case also indicates the possibility that the Democratic People's Republic of Korea may act as a middleman to facilitate the supply of dual-use goods to Myanmar.

D. Interdiction

1. Background: routes available to the Democratic People's Republic of Korea

94. In order either to procure illicit items or to export them, the Democratic People's Republic of Korea needs to move them by sea, air or land. The resolutions call for suspected illicit cargoes to be inspected. Below we consider the opportunities for and difficulties in achieving this. Geography imposes a special burden on neighbouring States.

95. **By sea**. The majority of the inspections reported to the Committee involve movements by sea. The Panel reported on the capabilities of the merchant fleet of the Democratic People's Republic of Korea in paragraphs 108 to 113 of its final report of 2011 and has nothing to add in the present report. The Democratic People's Republic of Korea must know that its own vessels are watched, which may explain why the MV *Light* was a Belize-flagged ship (see paras. 51 and 59). In almost all cases reported to the Committee or brought to the attention of the Panel, the Democratic People's Republic of Korea trans-shipped illicit cargo on to vessels operated by large international shipping companies. Because none of the mainstream shipping companies calls at ports of the Democratic People's Republic of Korea, all containers to or from the country have to be processed through a

[61] Two of these units were for 40,000 m^3, and another two units were for 20,000 m^3.

[62] Legal proceedings on these cases have been concluded in Japan. See also annex B to S/2010/571 and annex B to the Panel's final report of 2011 (confidential annexes made available separately to the Security Council).

neighbouring regional trans-shipment hub. Since 2006, the Democratic People's Republic of Korea has progressively lost access to some of these ports.[63]

96. **By air**. The Panel described the fleet of aircraft of the Democratic People's Republic of Korea in paragraphs 114 to 118 of its final report of 2011, since when the fleet has not greatly changed. Air Koryo is reported, from May to November 2011, to have operated regular flights to Kuwait City (why this latter service was terminated after only six months is unclear). It has also opened a route to Kuala Lumpur. The Panel has not learned of any new case involving transport by air that occurred during the period under review, but it has learned of the transport by air of prohibited arms-related items in 2008 (see para. 71). As in other instances involving the shipment of items whose illicit nature is not obvious and which could escape visual and cursory inspection, the items were shipped on regularly scheduled flights.

97. **By land**. During the period under review, some roads in the Democratic People's Republic of Korea leading to the border have been improved and there has been some work on rail links. There has been an increase in cross-border road and rail traffic. No inspection of a cargo being moved overland to or from the Democratic People's Republic of Korea has ever been reported to the Committee.

2. Challenges to interdiction

98. The cases described in the export- and import-related measures section above reinforce the Panel's conclusion in 2011 that interdiction of proscribed shipments during the flow of international commerce is heavily reliant on (a) intelligence; (b) information-sharing; (c) the cooperation of the ship or aircraft owner/operator and relevant State authorities; and (d) inspection in subsequent ports of call.[64] The Panel has been told informally that some of these inspections would not have been conducted without active intelligence-sharing among Member States. In addition, the Panel notes challenges in many Member States in coordination between licensing and enforcement authorities which act on a different legal basis. Often Customs data classification systems do not match those for export control, generating confusion, and Customs declaration forms often provide insufficient data regarding the end use/end user. An appropriate legal system must be set in place to legitimize inspections. Moreover, cooperation in sanctions implementation between the public and the private sector is not universally smooth. Furthermore, those who stuff containers are required to provide to shipping companies only very scanty information on their contents, making it easy to hide the real nature of the goods, the real consignor and origin. Even well-equipped and highly experienced shipping companies that appear highly motivated to observe the law have sometimes seemed to agree to carry containers despite knowing almost nothing of what they contain.

99. Many Customs offices use an automated risk-management system to identify potentially high-risk shipments. This system assesses threats based on such factors as the consignor/consignee and goods classification. Often in the cases studied, however, information used for risk assessment was either falsified or obscured, which helped to prevent Democratic People's Republic of Korea-related cargoes

[63] Owing to the measures taken by neighbouring countries, the Democratic People's Republic of Korea has very limited access to ports of trans-shipment.

[64] See the Panel's final report of 2011, para. 134.

from raising an alert in the system. The Panel continues to study instruments created by international bodies such as WCO aimed at improving detection rates.[65]

100. The new incidents of non-compliance reported to the Committee or brought to the attention of the Panel confirm previous analysis by the Panel that the Democratic People's Republic of Korea increasingly relies on the use of sealed shipping containers for its illicit exports. The country follows techniques pioneered by drug-trafficking organizations that integrate their logistics operations within the global supply chain because those techniques represent the most cost-effective way to circumvent well-resourced and coordinated surveillance.[66]

101. The Panel's consultations with ship operators and with the United Nations Office on Drugs and Crime confirm the importance of screening containers before they enter the flow of international commerce because the chances of illicit shipments' being detected by random and routine customs searches once they have entered this flow are extremely limited. The United Nations Office on Drugs and Crime indicates that, of more than 500 million annual ship container movements, fewer than 2 per cent are inspected.

102. The Panel observes that once an illicit cargo to or from the Democratic People's Republic of Korea enters tl. international flow of commerce, the chance of being detected by random and routine Customs searches is low because of the extensive use of false labelling and misdeclaration to hide the identity of the consignor. The chances are further reduced if information on the origin of the cargo in the Democratic People's Republic of Korea is obscured or falsified in the first foreign trans-shipment port because of the multiple layers of intermediaries involved in onward shipments and numerous changes in documentation. (This occurs frequently in cases relating to the Democratic People's Republic of Korea). In some of the incidents studied, after trans-shipment in the first foreign port, no elements would have permitted differentiation of containers originating from the Democratic People's Republic of Korea and stuffed with illicit items from the vast amount of containers originating from the region.

E. Financial measures

103. During the term covered by this report, no Member State has reported to the Committee or conveyed to the Panel actions taken in accordance with paragraph 8 (d) of resolution 1718 (2006) to freeze assets of designated entities. Nor has any Member State communicated to the Committee or the Panel attempts to circumvent restrictions on financial transactions specified in paragraphs 18, 19 and 20 of resolution 1874 (2009).

104. The Panel has worked closely with FATF in its development of its revised set of recommendations, adopted in February 2012. Subsequently the Panel has begun to work with FATF on implementation of the revised recommendations, particularly new recommendation 7 on the financing of proliferation. (The texts of recommendation 7, and new recommendation 2 which address appropriate coordination among competent authorities at the policymaking and operation level,

[65] Ibid., para. 136.

[66] Hugh Griffiths and Michael Jenks, "Maritime transport and destabilizing commodity flows", SIPRI Policy Paper No. 32, January 2012.

are provided in annex VIII). FATF has kept the Democratic People's Republic of Korea on its Public Statement, a placement that obligates FATF members to take exceptional measures in the conduct of financial transactions (see figure XIII and also see annex IX for a related United States Treasury advisory on risks). The Democratic People's Republic of Korea early in 2012 approached FATF with a view to changing this treatment but has not yet responded to an invitation to explore identified deficiencies in financial regulations and FATF-recommended remedies.

105. Although the Security Council resolutions oblige Member States to report to the Committee inspections of goods, there is no corresponding requirement to report investigation of possible illicit movements of funds, and no Member State has ever volunteered such a report. Some Member States, however, have provided confidential financial information to the Panel, including on involvement of certain banks and routing of funds, in the context of investigations into incidents of possible violation of sanctions. The Panel consequently has become increasingly concerned about the greater use by the Democratic People's Republic of Korea of trade-based money-laundering techniques by means of front companies it established or agents it controls to fund illicit procurements and receive proceeds of sales of weapons and weapons of mass destruction-related transfers. Protective due diligence procedures normally employed by banks (enhanced due diligence is required in the case of transactions where entities of the Democratic People's Republic of Korea are identified parties) may fall short either because of the practised skill of the Democratic People's Republic of Korea in concealing involvement with individuals, firms and transactions or because of lack of transparency of beneficial owners due to some Member States' laws which shield such crucial information.

Figure 13
Extract from FATF Public Statement

High-risk and non-cooperative jurisdictions

FATF Public Statement - 16 February 2012

Paris, 16 February 2012 - The Financial Action Task Force (FATF) is the global standard setting body for anti-money laundering and combating the financing of terrorism (AML/CFT). In order to protect the international financial system from money laundering and financing of terrorism (ML/FT) risks and to encourage greater compliance with the AML/CFT standards, the FATF identified jurisdictions that have strategic deficiencies and works with them to address those deficiencies that pose a risk to the international financial system.

Democratic People's Republic of Korea (DPRK)

The FATF remains concerned by the DPRK's failure to address the significant deficiencies in its anti-money laundering and combating the financing of terrorism regime and the serious threat this poses to the integrity of the international financial system. The FATF urges the DPRK to immediately and meaningfully address its AML/CFT deficiencies.

The FATF reaffirms its 25 February 2011 call on its members and urges all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with the DPRK, including DPRK companies and financial institutions. In addition to enhanced scrutiny, the FATF further calls on its members and urges all jurisdictions to apply effective counter-measures to protect their financial sectors from money laundering and financing of terrorism risks emanating from the DPRK. Jurisdictions should also protect against correspondent relationships being used to bypass or evade counter-measures and risk mitigation practices, and take into account ML/FT risks when considering requests by DPRK financial institutions to open branches and subsidiaries in their jurisdiction.

The FATF acknowledges the latest outreach from DPRK to FATF and remains prepared to engage directly in assisting the DPRK to address its AML/CFT deficiencies.

106. Available information is inadequate for the Panel to draw a general conclusion about the effectiveness of Member States' implementation and enforcement of financial restrictions imposed by the resolutions. Even so, the Panel suspects that implementation of the ban on illicit movements of money is probably more robust than implementation of the ban on illicit movements of goods because of widespread implementation of FATF recommendations and its warnings about significant money-laundering risks inherent in financial transactions with the Democratic People's Republic of Korea.

F. Unintended impact

107. The Panel has monitored for (a) possible unintended humanitarian impact and (b) impact on diplomatic missions of the implementation of the sanctions.

108. On (a), it is aware of concerns that sanctions regimes in general may unintentionally harm civil populations. In paragraph 172 of its final report of 2011 the Panel noted that its lack of access to the Democratic People's Republic of Korea prevents it from applying accepted methodologies to this problem. This problem continues. It has consulted with non-governmental organizations operating in the Democratic People's Republic of Korea and with WFP, but these contacts have provided no evidence of any such unintended humanitarian impact of the sanctions imposed by the resolutions.[67] It will continue to monitor this issue.

109. On (b), the Panel has discussed this issue with the Ambassadors to the Democratic People's Republic of Korea of the Russian Federation (13 September 2011), the Federal Republic of Germany (9 December 2011) and the United Kingdom (24 January 2012) as well as a senior official of another Member State. The Russian Ambassador briefed the Committee on 12 September 2011. When he spoke with the Panel the following day he detailed a number of ways in which sanctions affected the work of some missions. These included especially the inability to move money into or out of the Democratic People's Republic of Korea and the inability to import vehicles. The German Ambassador and the British Ambassador both noted that the sanctions caused their missions no problems.

110. The Security Council has made clear in paragraph 21 of resolution 1874 (2009) that the ban on luxury goods and the assets freeze should be implemented without prejudice to the activities of the diplomatic missions in the Democratic People's Republic of Korea. The Panel notes that bilateral sanctions imposed by some Member States go further than the Security Council sanctions and cannot exclude the possibility that it is these bilateral sanctions that have caused difficulty to some missions. It may also be that some companies and banks have taken a commercial decision to have no dealings with any entity in the Democratic People's Republic of Korea (one contact from a non-governmental organization based in Pyongyang said that her vehicle supplier had received an instruction from its head office to refuse all deals with the country). The resolutions provide no mandate to challenge such commercial decisions. The Panel stands ready to assist the Committee with this issue.

[67] In the seventh preambular paragraph of resolution 1874 (2009) it is underlined that the sanctions are not intended to have adverse humanitarian consequences.

VII. Designation of goods, entities and individuals

111. This report was prepared shortly after the Committee, as directed by the Security Council in the statement by its President (S/PRST/2012/13), designated three new entities and updated the lists of designated goods. This followed extensive recommendations by Committee members and the recommendation by the Panel of three additional designations of entities that emerged from its investigations. The Panel therefore does not currently wish to suggest further designations but plans to do so at an opportune moment.

112. Designated entities are known by numerous names. The proliferation of aliases has shown how easily the Democratic People's Republic of Korea can create these. In fact it can probably create aliases for entities involved in illicit trade faster than the Committee can designate them. Although it is easy for individuals to use false passports and assume different names, biometric visa control systems can facilitate efforts to reveal a passport holder's real identity. Where biometric visa control systems are used (they are not universal) designation of individuals may be more effective than designation of entities.

113. A number of Member States and the European Union have designated additional entities and individuals to supplement those designated by the Committee (see annex X). Some of these entities and individuals play an important role in the nuclear, other weapons of mass destruction and ballistic missile programmes of the Democratic People's Republic of Korea or in arms transfers to or from the country. Reasons offered for autonomous designations appear to be based on a similar set of criteria to that specified in the resolutions.

VIII. Recommendations

114. The Panel bases its recommendations on issues that have arisen from its work during the period under review and on persistent problems. Thus some recommendations echo those of 2011. They are focused on actions that, in the Panel's view, will significantly improve implementation of the sanctions. The background to many of these recommendations is set out in the main body of this report.

Recommendation 1

Member States that comply with the obligation to inspect, seize and dispose have to bear all the costs of doing so and do not always have the necessary technical expertise or support. They may incur storage and disposal costs and may find themselves involved in litigation. This process in addition usually imposes a considerable administrative burden.

The Committee, with the assistance of the Panel, should consider the financial and technical challenges that inspections, seizure and disposal present to Member States and explore possible solutions.

Recommendation 2

There are at present no clear guidelines on the disposal of items seized following an inspection. The Panel recommends that this be clarified.

The Committee, with the assistance of the Panel, should prepare an IAN on the disposal of seized goods.

Recommendation 3

Despite the requirement to report "promptly", sometimes Member States provide reports long after inspections are conducted. These delays may result from internal legal constraints or proceedings. Nevertheless it would be helpful if Member States in these circumstances would notify the Committee of an inspection pending a full report when possible.

The Committee, with the assistance of the Panel, should prepare an IAN that recommends as best practice the submission of reports not later than three months after an inspection. Where, for legal or other reasons, Member States are unable to comply the Committee should invite them to submit notification that an inspection was conducted, pending the provision of a full report when it becomes possible.

Recommendation 4

Several Member States, with different legal traditions, have told the Panel that they have been unable to report on inspections, or to report fully, because a report might compromise legal proceedings following an inspection. The Panel believes that a conference to allow an exchange of views between lawyers concerned, including United Nations lawyers, might help to solve this problem. It stands ready to help to arrange such an event. This problem may affect other sanctions regimes.

The Committee, with the assistance of the Panel, should arrange a conference of Customs legal advisers and other appropriate judicial and law-enforcement authorities working in national administrations to discuss, and to explore solutions to, the difficulties faced by Member States in reporting fully without compromising legal proceedings.

Recommendation 5

Member States are required to report interdictions, but not to inform the Committee when they, or an entity on their territory, prevent a violation, for example by refusing an export licence, or turning down a suspect order. Information on such cases would be valuable.

The Committee, with the assistance of the Panel, should issue an IAN inviting Member States to inform the Committee when an attempted violation comes to their attention that has been prevented short of an inspection.

Recommendation 6

Although Member States have been called upon to conduct inspections of suspected illicit cargo to and from the Democratic People's Republic of Korea since the adoption of resolution 1718 (2006), they were not required to report on inspections, seizure and disposal until the adoption of resolution 1874 (2009). The Panel would find it very useful to know of inspections conducted in the interim in order to expand its knowledge of relevant incidents of non-compliance and understanding of circumvention techniques used by the Democratic People's Republic of Korea.

Member States should provide to the Committee or the Panel any information at their disposal on incidents of non-compliance and attempts to evade sanctions that occurred after the adoption of resolution 1718 (2006) and before the adoption of resolution 1874 (2009).

Recommendation 7

The FATF recommendation on targeted financial sanctions related to proliferation requires countries to take measures to comply with Security Council resolutions relating to "the prevention, suppression and disruption of proliferation of weapons of mass destruction and its financing". The focus of the recommendation is on necessary and unique preventive measures to stop the flow of funds or other assets to proliferators or proliferation. FATF calls upon countries to establish necessary legal authority and to identify competent domestic authorities responsible for implementation and enforcement. It notes that countries should require financial institutions and designated non-financial business or professions to report to competent authorities any "assets frozen or actions taken in compliance with the prohibition requirements of the relevant Security Council resolutions, including attempted transactions ...".

The Committee should consider communicating to Member States that it and the Panel are a competent authority in the light of implementation responsibilities assigned by the Security Council in the resolutions and strongly encourage Member States to notify the Committee and/or the Panel within 90 days about incidents of non-compliance or actions taken in compliance with financial prohibitions specified in the resolutions, including attempted transactions.

Recommendation 8

By paragraph 8 (d) of resolution 1718 (2006) Member States are required to freeze the funds that are owned by [designated persons or entities] or by persons or entities acting on their behalf or at their direction and funds of persons or entities providing support for the illicit programmes of the Democratic People's Republic of Korea. The Panel's contacts with Member States suggest that some are unclear on the scope of the two phrases "persons or entities acting on their behalf or at their direction" and "providing support for" and it recommends that this be clarified.

The Committee, with the assistance of the Panel, should prepare an IAN clarifying the use of the phrases "providing support for" and "persons or entities acting on their behalf or at their direction" in paragraph 8 (d) of resolution 1718 (2006).

Recommendation 9

The Panel has worked both with individual Member States and with regional groupings to raise awareness of the resolutions and of the sanctions, but the administrative work involved in such outreach events is a significant drain on Panel time. It would in any case be more efficient to use professionals experienced in event management for such tasks.

The Committee should direct the Panel to engage an organization or organizations of its choosing to carry the administrative burden of arranging outreach events and assist in its efforts to raise funds for this.

Recommendation 10

It is important that Member States feel that their efforts at implementation are appreciated. At present the submission of a national implementation report to the Security Council is not acknowledged. This sends the wrong signal; some Member States have even asked the Panel whether all members of the Security Council wholeheartedly support the resolutions.

The Committee should direct the Panel henceforth to respond to Member States when they provide national implementation reports to the Security Council.

Recommendation 11

The Panel in paragraph 87 above notes concerns over the delivery of computers to the Democratic People's Republic of Korea by WIPO. It would be prudent to invite relevant United Nations organizations and agencies to consult the Committee on their Democratic People's Republic of Korea-related activities as some have.

The Committee, with the assistance of the Panel, should prepare a communication to relevant United Nations organizations and agencies inviting them to engage with the Committee regarding their activities in order to ensure that they are consistent with the resolutions.

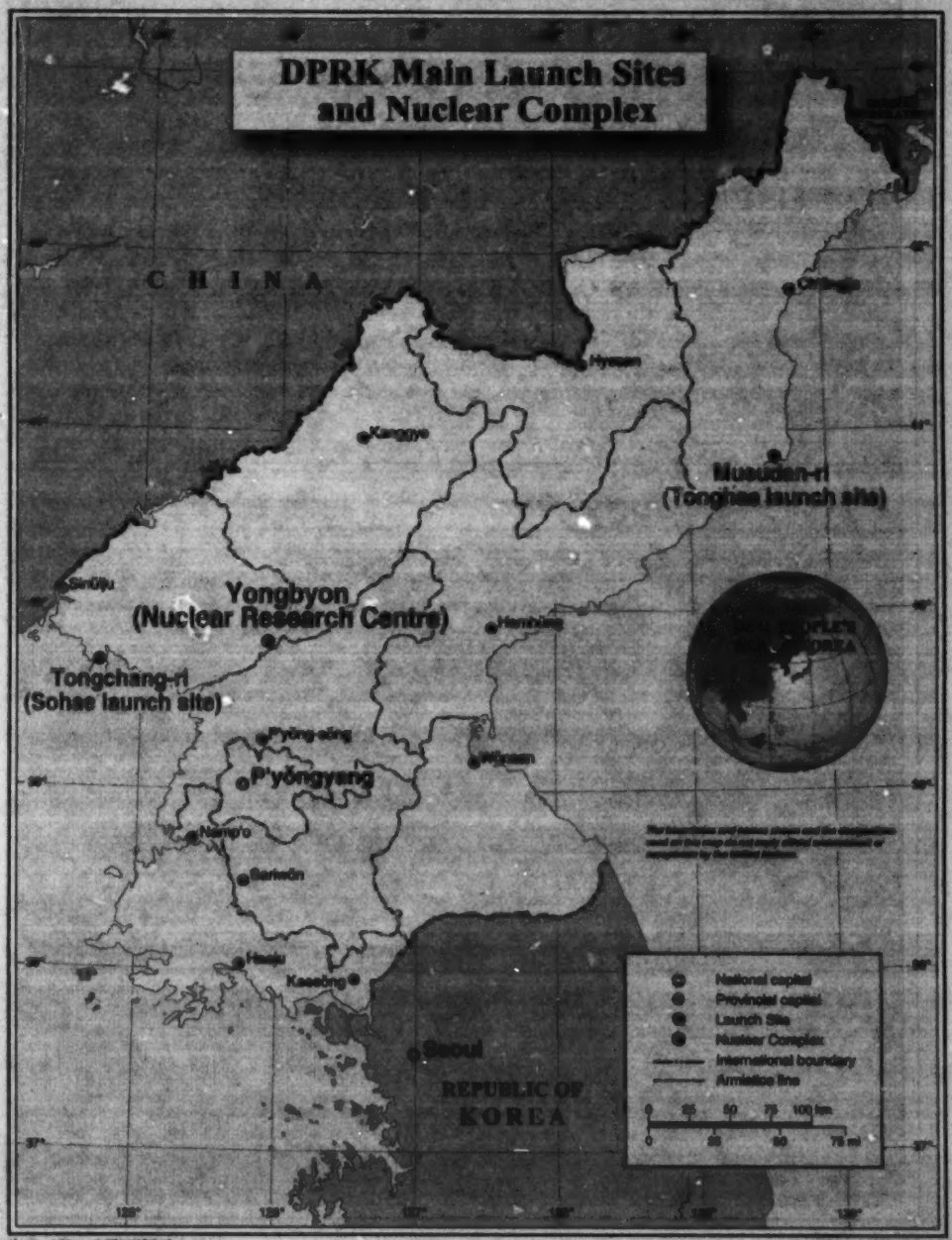
Recommendation 12

In paragraph 19 above the Panel notes its interactions with other panels. These make clear that much could be gained by more formal and systematic communication and cooperation between panels and similar groups, such as monitoring groups. There have been occasions when Member States have hosted a visit by one panel shortly before a visit by another, when it would have been in the interests of all to combine the visits. Panels sometimes learn of useful conferences attended by other panels only after they have ended.

The Security Council should invite the Coordinators of the various Panels of Experts and similar groups to establish an inter-panel coordination mechanism to exchange suggestions on best practice, travel plans and upcoming activities of wider interest, so as to maximize the impact of panels' work and to secure best value for United Nations money.

Annex I

Map of main launch sites and nuclear complex, Democratic People's Republic of Korea



Annex II

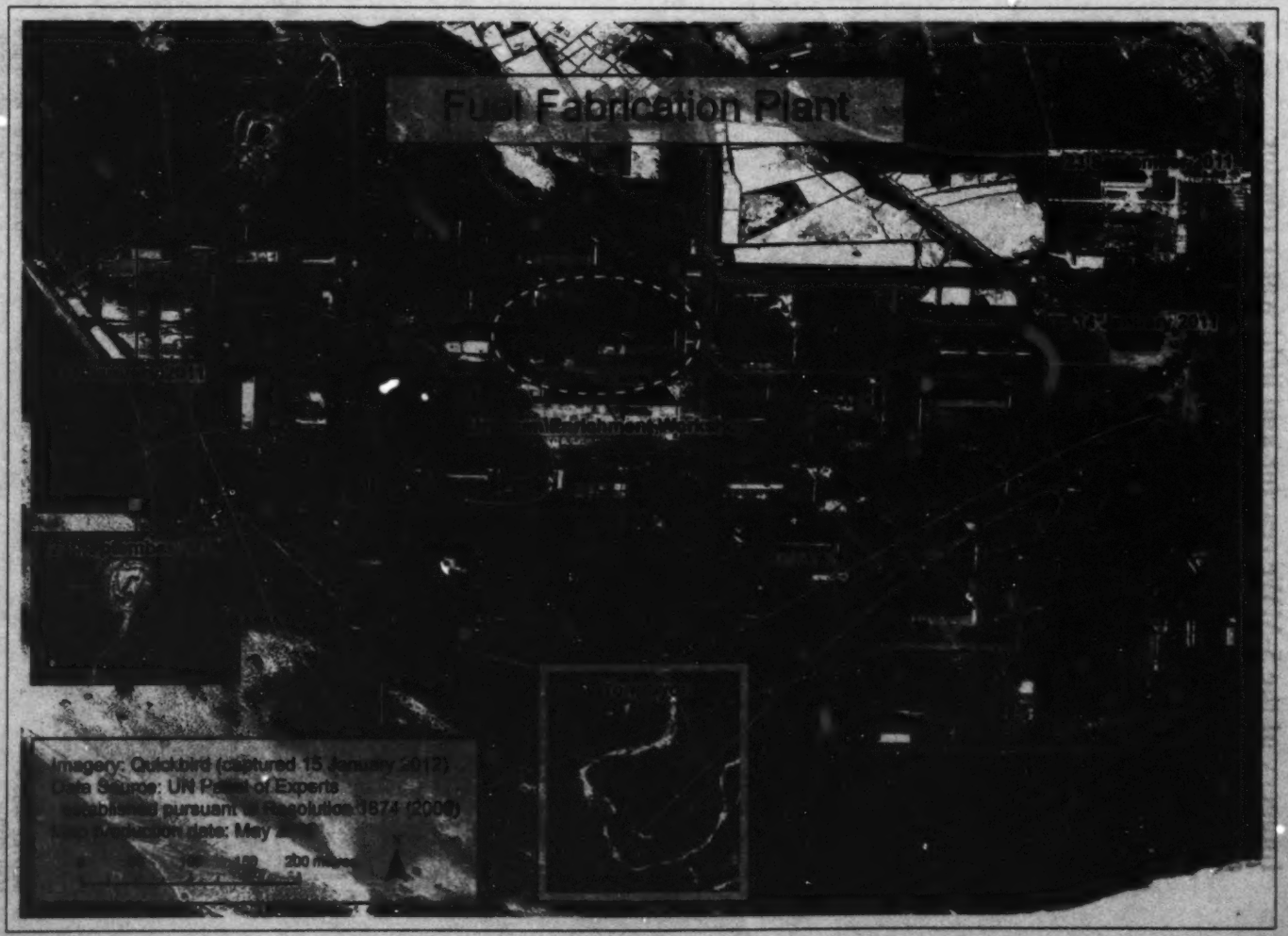
Imagery of the Yongbyon nuclear complex

Map No. 4483.2
May 2012

Department of Field Support
Cartographic Section

Annex III

Imagery of the fuel fabrication plant


Fuel Fabrication Plant
Imagery: Quickbird (captured 15 January 2012)
Data Source: UN Panel of Experts
established pursuant to Resolution 1874 (2009)
200 m

Map No. 4483.3
May 2012

Department of Field Support
Cartographic Section

Annex IV

Imagery of the 5-MWe reactor and light water reactor construction site

5MWe Reactor &
Light Water Reactor
Construction Site
Imagery: Quickbird (captured 15 January 2012)
Data Source: UN Panel of Experts
established pursuant to Resolution 1874 (2009)
Map production date: May 2012
0 25 50 100 Meters
Imagery: 15 January 2012
Imagery: 23 September 2011

Map No. 4483.4
May 2012

Department of Field Support
Cartographic Section

Annex V

Imagery of Tongchang-ri (Sohae launch site)

Map No. 4483.5
May 2012

Department of Field Support
Cartographic Section

Annex VI

Imagery of Musudan-ri (Tonghae launch site)

Map No. 4483.6
May 2012

Department of Field Support
Cartographic Section

Items designated by Member States as luxury goods[a]

Items	Member States									
	Australia	*Canada*	*European Union, Monaco, Norway, San Marino*	*Japan*	*New Zealand*	*Republic of Korea*	*Russian Federation*	*Singapore*	*Switzerland*	*United States*
Live animals			Pure-bred horses							
Food items	Caviar, Crustaceans (all), e.g. rock lobsters, abalone, molluscs and aquatic invertebrates, e.g. oyster in any form	Gourmet foods and ingredients, lobster	Caviar and caviar substitutes; truffles and preparations thereof	Beef, fillets of tunas, caviar and caviar substitutes	Caviar and its substitutes, chocolate, crustaceans, molluscs, aquatic invertebrates and goods containing these species, honey and its derivatives, tuna, toothfish, salmon and goods containing these species				Caviar and caviar substitutes prepared from fish eggs	
Alcoholic beverages	Wine, spirits (all kinds)	Alcoholic beverages	High-quality wines (including sparkling wines), spirits and spirituous beverages	Alcoholic beverages	Alcoholic beverages	Alcoholic beverages (wines, ethyl alcohol, spirituous liquors and other alcoholic beverages)	Cognac, wines and other liquors for more than 5,000 rubles	Wines and spirits	Wines and spirits	Alcoholic beverages (wine, beer, ales and liquor)
Tobacco and tobacco products	Tobacco products	Cigarettes	High-quality cigars and cigarillos	Tobacco	Tobacco			Cigars	Cigars	Tobacco and tobacco products
Cosmetics, fashion accessories	Cosmetics (all), perfumes and toilet waters	Perfume	Luxury perfumes, toilet waters and cosmetics,	Make-up, perfumes	Cosmetics, perfumes	Cosmetics (perfumes, cosmetics, including	Perfumes for more than 5,000 rubles	Perfumes and cosmetics	High-quality perfumes, high-quality personal care	Cosmetics, including beauty and make-up,

Items	Member States									
	Australia	*Canada*	*European Union, Monaco, Norway, San Marino*	*Japan*	*New Zealand*	*Republic of Korea*	*Russian Federation*	*Singapore*	*Switzerland*	*United States*
			including beauty and make-up products			foundations and manicure-related, and pedicure-related products)			and beauty products	perfumes and toilet waters
Apparel, leather and fur items	Apparel and clothing accessories, furs, leather travel goods	Designer clothing and accessories, furs	High-quality garments, clothing accessories and shoes (regardless of their material); High-quality leather, saddlery and travel goods, handbags and similar articles	Leather bags, clothes and others, fur skins and artificial fur manufactures	Designer clothing, deer velvet, fur products and artificial fur products, leather bags and clothes	Leather goods (trunks, suit-cases, cosmetic cases, executive cases, briefcases, satchels, and other similar bags, handbags, pockets or other products that may be carried in handbags, clothing and accessories), fur items (fur clothing, accessories, and other fur products)	Fur production for more than 250,000 rubles	Fur products; leather bags and clothes	High-quality apparel and clothing accessories, high-quality shoes, high-quality leather	Apparel and fashion items (leather articles, silk articles, fur skins and artificial furs, fashion accessories: leather travel goods, vanity cases, binocular and camera cases, handbags, wallets, silk scarves, designer clothing: leather apparel and clothing accessories)
Ceramic and glass/ tableware	Drinking glasses (lead crystal)		Cutlery or precious metal or plated or clad with precious metal; high-quality tableware of porcelain,	Drinking glasses of lead crystal	Bone china, crystal glassware				Cutlery, gold, silver or platinum plated	Tableware of porcelain or bone china, items of lead crystal

Item	Member States									
	Australia	*Canada*	*European Union, Monaco, Norway, San Marino*	*Japan*	*New Zealand*	*Republic of Korea*	*Russian Federation*	*Singapore*	*Switzerland*	*United States*
			china, stone or earthenware or fine pottery; high-quality lead crystal glassware							
Jewellery, precious/ semi-precious articles	Silver, gold, jewellery, precious and semi-precious stones (including diamonds and pearls), precious metals	Jewellery, gems, precious metals	Pearls, precious and semi-precious stones, articles of pearls, jewellery, gold or silversmith articles	Jewellery, precious metals, precious metalwork	Jewellery, precious metals, precious and semi-precious stones, and articles made from them	Pearls and jewellery (natural or hatchery pearls, diamonds, jewellery, silver, gold, gilded products, white gold, white gold-plated products, ornaments and their accessories, products that contain jewellery)	Jewellery made of gold, platinum, diamonds and other precious stones for more than 50,000 rubles	Precious jewellery	Pearls, precious and semi-precious stones, jewellery and silverware	Jewellery (jewellery with pearls, gems, precious and semi-precious stones (including diamonds, sapphires, rubies and emeralds), jewellery of precious metal or of metal clad with precious metal) gems and precious metals (gold, silver, platinum, diamonds, precious and semi-precious stones (including sapphires, rubies and emeralds))

Items	Member States									
	Australia	*Canada*	*European Union, Monaco, Norway, San Marino*	*Japan*	*New Zealand*	*Republic of Korea*	*Russian Federation*	*Singapore*	*Switzerland*	*United States*
Electronic items	Consumer electronics (televisions, videos, DVD players, PDAs, laptops, MP3 players — and any other relevant exports), electronic entertainment/ software	Computers, televisions and other electronic devices	High-end electronic items for domestic use; high-end electrical/ electronic or optical apparatus for recording and reproducing sound and images	Portable information devices, audiovisual instruments and software	Computers, audiovisual equipment (for example CD players and DVD players), data or software (for example films, music, or both, recorded or stored on CDs or DVDs), and things on which data or software is or may be recorded or stored, mobile telephones, portable information and media devices (for example, personal digital assistants (PDAs) and MP3 players or other digital audio players)	Electronic goods (transmitter products for radio or televisions, television cameras, digital cameras, and videocassette recorders, monitors, projectors, and related products excluding television transmitter products)		Plasma televisions; personal digital musical players	High-quality consumer electronic devices	Electronic items (flat-screen, plasma or LCD panel televisions or other video monitors or receivers (including high-definition televisions), and any television larger than 29 inches, DVD players, PDAs, personal digital music players, *computer laptops)[b]
Photographic/ cinematic items	Photographic equipment		See electronic items	Camera and cinemato-graphic instruments	Cameras and movie equipment	Optical instruments (cameras, movie cameras and projectors for movies)			High-quality electronic and optical image recording and reproducing equipment	

Items	Member States									
	Australia	*Canada*	*European Union, Monaco, Norway, San Marino*	*Japan*	*New Zealand*	*Republic of Korea*	*Russian Federation*	*Singapore*	*Switzerland*	*United States*
Clocks and watches	Watches and clocks	Watches	Luxury clocks and watches and their parts	Wristwatches and other watches	Wristwatches	Timepieces (wristwatches, pocket watches, and other wearable timepieces)	Wristwatch for more than 50,000 rubles	Watches of metal clad with a precious metal	High-quality watches and clocks	Luxury watches (wrist, pocket, and other with a case of precious metal or of metal clad with precious metal)
Musical instruments			High-quality musical instruments	Musical instruments	Musical instruments	Musical instruments (pianos, harpsichords, and other stringed keyboard instruments, string instruments, wind instruments, electronic musical instruments)		Musical instruments	High-quality musical instruments	Musical instruments
Vehicles, aircraft, vessels and other transport equipment	Automobiles and other vehicles to transport people, yachts and pleasure craft	Private aircraft	Luxury vehicles for transport of persons on earth, air or sea, as well as their accessories and spare parts	Motor cars, motorcycles, motorboats yachts and others	Cars, motorcycles, snowmobiles, motorboats, yachts, aircraft, and their parts and accessories	Automobiles (passenger cars and other vehicles, motorcycles and bicycles or sidecars with assistant motors), vessels (yachts, other vessels for excursion or exercise, boats	Motorcars for more than 3,000,000 rubles	Luxury cars; luxury motorboats and yachts	Luxury vehicles for air, road and water transport as well as parts and accessories to	Transportation items (yachts and other aquatic recreational vehicles (such as jet skis), *luxury automobiles (and motor vehicles): automobiles and other motor vehicles

	Member States									
Items	*Australia*	*Canada*	*European Union, Monaco, Norway, San Marino*	*Japan*	*New Zealand*	*Republic of Korea*	*Russian Federation*	*Singapore*	*Switzerland*	*United States*
						with paddles, and canoes)				to transport people [other than public transport] including station wagons, racing cars, snowmobiles, and motorcycles, personal transportation devices [segways])
Sports items	Sports equipment	Sporting goods	Articles and equipment for skiing, golf, diving and water sports		Sporting goods and equipment					Recreational and sports equipment
Works of art, collector pieces and antiques	Works of art (all)		Coins and banknotes, not being legal tender; works of art, collectors' pieces and antiques	Works of art, collectors' pieces and antiques	Works of art, collectors' pieces and antiques	Artwork and curios (collections and specimens, curios)		Works of art, collectors' pieces and antiques	Coin (other than the legal tender), works of art, collectors' pieces and antiques	Works of art (including painting, original sculptures and statuary), antiques (more than 100 years old), and collectible items, including rare coins and stamps

Items	Member States									
	Australia	*Canada*	*European Union, Monaco, Norway, San Marino*	*Japan*	*New Zealand*	*Republic of Korea*	*Russian Federation*	*Singapore*	*Switzerland*	*United States*
Other	Fountain pens, carpets		Hand-knotted carpets, hand-woven rugs and tapestries; articles and equipment for billiard, automatic bowling, casino games and games operated by coins or banknotes	Carpets, fountain pens	Carpets and tapestries, designer furniture, fountain pens	Carpeting goods (carpeting products and other textile carpets)		Carpets	Handmade carpets, hand-woven tapestries	Designer fountain pens, rugs and tapestries

[a] As at 30 April 2012. Member States are invited to report to the Panel any required change or update.

[b] United States luxury items list (provisional): categories of items with an asterisk will be exempted from the general denial if they are being imported by legitimate organizations involved in humanitarian relief efforts, other internationally sanctioned efforts, or as items in the interest of the United States Government.

Annex VIII

Excerpts from the FATF 40 Recommendations, February 2012

Recommendations on international standards on combating money-laundering and the financing of terrorism and proliferation

The FATF Recommendations set out the essential measures that countries should have in place to: identify the risks, and develop policies and domestic coordination; pursue money laundering, terrorist financing and the financing of proliferation; apply preventive measures for the financial sector and other designated sectors; establish powers and responsibilities for the competent authorities (e.g., investigative, law enforcement and supervisory authorities) and other institutional measures; enhance the transparency and availability of beneficial ownership information of legal persons and arrangements; and facilitate international cooperation.

Combating terrorist financing is a very significant challenge. An effective AML/CFT system, in general, is important for addressing terrorist financing, and most measures previously focused on terrorist financing are now integrated throughout the Recommendations, therefore obviating the need for the Special Recommendations. However, there are some Recommendations that are unique to terrorist financing, which are set out in Section C of the FATF Recommendations. These are: Recommendation 5 (the criminalisation of terrorist financing); Recommendation 6 (targeted financial sanctions related to terrorism & terrorist financing); and Recommendation 8 (measures to prevent the misuse of non-profit organisations). The proliferation of weapons of mass destruction is also a significant security concern, and in 2008 the FATF's mandate was expanded to include dealing with the financing of proliferation of weapons of mass destruction. To combat this threat, the FATF has adopted a new Recommendation (Recommendation 7) aimed at ensuring consistent and effective implementation of targeted financial sanctions when these are called for by the United Nations Security Council.

Recommendation 2: National cooperation and coordination

Countries should have national AML/CFT policies, informed by the risks identified, which should be regularly reviewed, and should designate an authority or have a coordination or other mechanism that is responsible for such policies. Countries should ensure that policy-makers, the financial intelligence unit (FIU), law enforcement authorities, supervisors and other relevant competent authorities, at the policymaking and operational levels, have effective mechanisms in place which enable them to cooperate, and, where appropriate, coordinate domestically with each other concerning the development and implementation of policies and activities to combat money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction.

Recommendation 7: Targeted financial sanctions related to proliferation

Countries should implement targeted financial sanctions to comply with United Nations Security Council resolutions relating to the prevention, suppression and disruption of proliferation of weapons of mass destruction and its financing. These resolutions require countries to freeze without delay the funds or other assets of, and to ensure that no funds and other assets are made available, directly or indirectly, to or for the benefit of, any person or entity designated by, or under the authority of, the United Nations Security Council under Chapter VII of the Charter of the United Nations.

Annex I[illegible]

Financial risks identified by the Department of the Treasury of the United States of America

Department of the Treasury
Financial Crimes Enforcement Network

Advisory

FIN-2009-A002
Issued: June 18, 2009 (Amended December 18, 2009)
Subject: North Korea Government Agencies' and Front Companies' Involvement in Illicit Financial Activities

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The Financial Crimes Enforcement Network ("FinCEN") is issuing this advisory to supplement information previously provided[1] regarding the involvement by Democratic People's Republic of Korea ("North Korea") government agencies and front companies in illicit activities. The U.N. Security Council has recently adopted a resolution containing new provisions, including a call for enhanced monitoring of financial transactions, to prevent the financing of North Korea's nuclear, ballistic missile, and other weapons of mass destruction (WMD)-related programs or activities. The Security Council's action, combined with the potential that North Korea will attempt to evade these financial measures, illustrates the increased risk that North Korea and North Korean entities, as well as individuals acting on their behalf, pose to the international financial system and financial institutions worldwide.

On June 12, 2009, the U.N. Security Council adopted Resolution 1874, condemning North Korea's May 25 nuclear test and calling upon member states to prevent the provision of financial services or any financial or other assets or resources that could contribute to North Korea's nuclear, ballistic missile, or other WMD-related programs or activities. These provisions were adopted in addition to pre-existing obligations imposed by U.N. Security Council Resolution ("UNSCR") 1718, adopted in 2006, to, among other things, freeze the assets of designated North Korean individuals and entities involved in nuclear, ballistic missile, and other WMD-related programs or activities.[2] UNSCR 1874 includes additional measures beyond the asset freeze in UNSCR 1718 by calling upon states to prevent North Korea from accessing financial services to facilitate transactions related to its nuclear, ballistic missile, and other WMD-related programs or activities. It also bans financial transactions related to the sales of all arms and related material, except for the export of small arms and light weapons and related material to North Korea.[3] For example, UNSCR 1874 calls upon member states to prevent the provision of financial services by financial institutions within their jurisdictions, and by those institutions' overseas branches,

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[1] See "Guidance to Financial Institutions on the Provision of Banking Services to North Korean Government Agencies and Associated Front Companies Engaged in Illicit Activities," December 13, 2005. www.fincen.gov/statutes_regs/guidance/html/advisory.html

[2] For details on UN member states obligations, see Resolution 1718 (2006), Adopted by the Security Council on 14 October 2006. www.un.org/docs/sc

[3] See UNSCR 1874 (2009), ¶¶ 9, 10, 12. www.un.org/docs/sc

that could contribute to North Korea's nuclear, ballistic missile, and other WMD-related programs or activities. In addition, UNSCR 1874 demands that North Korea immediately comply with UNSCR 1718, which includes a ban on the transfer of luxury goods to North Korea.

The U.N. Security Council's adoption of specific financial measures to address this conduct reinforces long-standing Treasury Department concerns regarding North Korea's involvement, through government agencies and associated front companies, in financial activities in furtherance of a wide range of illicit activities. These activities include currency counterfeiting, drug trafficking, and the laundering of related proceeds. FinCEN has previously noted such conduct, most recently in 2007.[4] The Treasury Department remains especially concerned about the use of deceptive financial practices by North Korea and North Korean entities, as well as individuals acting on their behalf. Such deceptive practices may include North Korean clients' suppression of the identity and location of originators of transactions, their practice of arranging for funds transfers via third parties, repeated bank transfers that appear to have no legitimate purpose, and routine use of cash couriers to move large amounts of currency in the absence of any credible explanation of the origin or purpose for the cash transactions.

In light of the financial measures in UNSCR 1718 and UNSCR 1874, and the use of deceptive financial practices by North Korea and North Korean entities, as well as individuals acting on their behalf, to hide illicit conduct, FinCEN advises all U.S. financial institutions to take commensurate risk mitigation measures. FinCEN notes that with respect to correspondent accounts held for North Korean financial institutions, as well as their foreign branches and subsidiaries, there is now an increased likelihood that such vehicles may be used to hide illicit conduct and related financial proceeds in an attempt to circumvent existing sanctions. Financial institutions should apply enhanced scrutiny to any such correspondent accounts they maintain, including with respect to transaction monitoring. Furthermore, because the prohibition in UNSCR 1718 on North Korea's procurement of luxury goods continues to apply, financial institutions should continue to ensure they are not providing financial services for such North Korean procurement. In order to assist in applying such enhanced scrutiny, a list of North Korean banks is included below. The Treasury Department encourages financial institutions worldwide to take similar precautions.

In addition, Treasury is concerned that in an attempt to evade U.N. Security Council Resolution provisions, North Korea may increasingly rely on cash transactions. All financial institutions should remain vigilant regarding attempts by North Korean customers to make large cash deposits into new or existing accounts, as well as the associated risk of the passing of counterfeit currency. The Treasury Department remains concerned about North Korean production and distribution of high-quality counterfeit U.S. currency. The U.S. government is ready to assist with the investigation of North Korean counterfeiting of U.S. currency wherever it is detected.

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[4] Finding that Banco Delta Asia SARL Is a Financial Institution of Primary Money Laundering Concern, 70 Fed. Reg. 55214 (September 15, 2005). www.fincen.gov/statutes_regs/patriot/pdf/finding_banco.pdf Imposition of Special Measure Against Banco Delta Asia, Including Its Subsidiaries Delta Asia Credit Limited and Delta Asia Insurance Limited, as a Financial Institution of Primary Money Laundering Concern, 72 Fed. Reg. 12730 (March 14, 2007). www.fincen.gov/statutes_regs/patriot/pdf/bda_final_rule.pdf

For assistance with counterfeit U.S. currency-related investigations, please contact your local U.S. Secret Service office.[3]

Consistent with the standard for reporting suspicious activity as provided for in 31 C.F.R. part 103, if a U.S. financial institution knows, suspects, or has reason to suspect that a transaction involves funds derived from illegal activity or that a customer has otherwise engaged in activities indicative of money laundering, terrorist financing, or other violation of federal law or regulation, the financial institution shall then file a Suspicious Activity Report. Separately, FinCEN reminds financial institutions that Executive Order 13382 of June 28, 2005, requires the blocking of all property and interests in property, within the United States or in the possession or control of U.S. persons, of certain individuals and entities. Further information can be obtained from the website of the Office of Foreign Assets Control of the U.S. Treasury Department.[4]

NORTH KOREAN BANKS[7]

Below is a list of some North Korean banks as taken from public and commercially available information. This is not meant to be a comprehensive list and is provided for ease of reference only. For the purpose of this advisory, financial institutions should take independent steps as necessary to ensure sufficient awareness of their entire exposure to North Korean financial transactions regardless of the financial institution conducting the transactions.

Amroggang Development Bank
Bank of East Land
Central Bank of the Democratic People's Republic of Korea
Credit Bank of Korea
Dae-Dong Credit Bank
First Credit Bank[8]
Foreign Trade Bank of the Democratic People's Republic of Korea
Hana Banking Corporation Ltd.
The International Industrial Development Bank
Korea Joint Bank (KJB)
Korea Daesong Bank
Korea Kwangson Banking Corp.
Korea United Development Bank
Koryo Commercial Bank Ltd.
Koryo Credit Development Bank
Kumgang Bank (added December 18, 2009)
North East Asia Bank
Tanchon Commercial Bank

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[3] A complete list of U.S. Secret Service field offices and overseas offices can be found at http://www.secretservice.gov/field_offices.shtml

[4] See www.ustreas.gov/offices/enforcement/ofac

[7] Each of these banks is headquartered in Pyongyang, North Korea. However, this advisory applies to all North Korean bank branches, within North Korea or abroad.

[8] This should not be confused with First Credit Bank located in Los Angeles, CA, USA.

Annex X

List of autonomous designations[1]

A. Entities

Names	*Designated by*	*Rationale*	*Alias(es)*	*Address(es)*
1 **Bank of East Land**	United States of America European Union	Facilitated financial weapons-related transactions for Green Pine Associated (entity designated by the 1718 Committee, 02.05.2012) and the Reconnaissance General Bureau in a manner that circumvents sanctions.	– Dongbang Bank – Tongbang U'nhaeng – Tongbang Bank	PO Box 52, BEL Building, Jonseung-Dung, Moranbong District, Pyongyang, North Korea
2 **Global Interface Company Inc.**	United States of America	Owned or controlled by Alex H. T. Tsai, who provided, or attempted to provide, financial, technological or other support for, or goods or services in support of KOMID (entity designated by the 1718 Committee, 24.04.2009).	Trans Scientific Corp.	– 9F-1, No. 22, Hsin Yi Rd., Sec. 2, Taipei, Taiwan – 1st Floor, No. 49, Lane 280, Kuang Fu S. Road, Taipei, Taiwan Business Registration Document Number: 12873346 (Taiwan)
3 **Hesong Trading Corporation**	Australia European Union Japan United States of America	Subsidiary of KOMID (entity designated by the 1718 Committee, 24.04.2009).		Pyongyang, North Korea
4 **Kohas AG**	Australia Japan United States of America	Ties to Korea Ryonbong General Corporation (entity designated by the United Nations, 24.04.2009).		Route des Arsenaux 15, Fribourg, FR 1700, Switzerland; C.R. No. CH-217.0.135.79-4 (Switzerland)
5 **Korea Complex Equipment Import Corporation**	Australia European Union Japan United States of America	Subsidiary of Korea Ryonbong General Corporation (entity designated by the 1718 Committee, 24.04.2009).		Rakwon-dong, Pyongchon District, Pyongyang, North Korea

[1] As at 30 April 2012. This list is for information only and does not necessarily reflect all of the autonomous designations made by Member States. The entries are a compilation of those provided by Member States. Not all designating Member States provide rationale. New entries to this list since 30 April 2011 are shaded for reference.

	Names	*Designated by*	*Rationale*	*Alias(es)*	*Address(es)*
6	**Korea Daesong Bank**	United States of America European Union	Owned or controlled by Office 39 of the Korean Workers' Party.	– Choson Taesong Unhaeng – Taesong Bank	Segori-dong, Gyongheung St., Potonggang District, Pyongyang, Korea, North SWIFT/BIC KDBK KP PY (Korea, North); Phone: 850 2 381 8221; Phone: 850 2 18111 ext. 8221; Fax: 850 2 381 4576; Telex: 360230 and 37041 KDP KP; TGMS daesongbank; E-mail: kdb@co.chesin.com
7	**Korea Daesong General Trading Corporation**	United States of America European Union	Owned or controlled by Office 39 of the Korean Workers' Party.	– Daesong Trading – Daesong Trading Company – Korea Daesong Trading Company – Korea Daesong Trading Corporation	Pulgan Gori Dong 1, Potonggang District, Pyongyang City, Korea, North; Phone: 850 2 18111 8204/8208 Phone: 850 2 381 8208/4188 Fax : 850 2 381 4431/4432 E-mail: daesong@co.chesin.com
8	Korea International Chemical Joint Venture Company	Australia European Union Japan United States of America	Subsidiary of Korea Kyonbong Corporation (entity designated by the United Nations, 24.04.2009).	– Choson International Chemicals Joint Operation Company – Chosun International Chemicals Joint Operation Company – International Chemical Joint Venture Corporation – Korea International Chemicals Joint Operation Company – Korea International Chemical Joint Venture Corp.	– Hamhung, South Hamgyong Province, North Korea – Man gyongdae-kuyok, Pyongyang, North Korea – Mangyongdae-gu, Pyongyang, North Korea

	Names	Designated by	Rationale	Alias(es)	Address(es)
9	Korea Kwangson Banking Corp. (KKBC)	United States of America European Union	Provide financial services in support of both Tanchon Commercial Bank (entity designated by the 1718 Committee, 24.04.2009) and Korea Hyoksin Trading Corporation (entity designated by the 1718 Committee, 16.07.2009).		Jungsong-dong, Songgi Street, Central District, Pyongyang, North Korea
10	Korea Kwangsong Trading Corporation	Australia European Union Japan United States of America	Subsidiary of Korea Ryonbong General Corporation (entity designated by the United Nations, 24.04.2009).		Rakwon-dong, Pothonggang District, Pyongyang, North Korea
11	Korea Pugang Mining and Machinery Corporation ltd	European Union	Subsidiary of Korea Ryonbong General Corporation (entity designated by the United Nations, 24.04.2009).		
12	Korea Pugang Trading Corporation	Australia Japan United States of America	Subsidiary of Korea Ryonbong General Corporation (entity designated by the United Nations, 24.04.2009).		Rakwon-dong, Pothonggang District, Pyongyang, North Korea
13	Korea Ryongwang/ Ryengwang Trading Corporation	Australia Japan United States of America European Union	Subsidiary of Korea Ryonbong General Corporation (entity designated by the United Nations, 24.04.2009).	Korean Ryengwang Trading Corporation	Rakwon-dong, Pothonggang District, Pyongyang, North Korea
14	Korea Ryonha Machinery Joint Venture Corporation	Australia European Union Japan United States of America	Subsidiary of Korea Ryonbong General Corporation (entity designated by the United Nations, 24.04.2009).	– Korea Ryonha Machinery J/V Corporation; – Chosun Yunha Machinery Joint Operation Company; – Chosun Yunha Machinery J.V. Corporation – Ryonha Machinery Joint Venture Corporation	– Central District, Pyongyang, North Korea; – Mangyungdae-gu, Pyongyang, North Korea; – Mangyongdae District, Pyongyang, North Korea
15	Korea Taesong Trading Company	United States of America European Union	Subsidiary of KOMID (entity designated by the 1718 Committee, 24.04.2009).		Pyongyang, North Korea

	Names	Designated by	Rationale	Alias(es)	Address(es)
16	**Korea Tonghae Shipping Company**	Japan	Known to have been a major ship-owner of DPRK vessels, engaging in export-import of materials and transfers of passengers using their ships, and associated with the illegal exports of WMD-related goods and equipment and etc. from Japan to the DPRK.		
17	**Moksong Trading Corporation**	United States of America	Engaged in proliferation activities.		
18	**Munitions Industry Department**	United States of America European Union	Responsible for overseeing activities of the DPRK's military industries, including the Second Economic Committee and KOMID (entity designated by the 1718 Committee, 24.04.2009). This includes overseeing the development of DPRK's nuclear and ballistic missiles programmes.	Military Supplies Industry Department	Pyongyang, North Korea
19	**Office 39**	United States of America European Union	Controls a number of entities inside DPRK and abroad through which it conducts numerous illicit activities including the production, smuggling and distribution of narcotics. Office 39 has also been involved in the attempted procurement and transfer to DPRK of luxury goods, particularly the failed attempt to purchase two luxury yachts (case reported to the 1718 Committee in July 2009).	– Office #39 – Office No. 39 – Bureau 39 – Central Committee – Third Floor Division 39	– Second KWP Government Building (Korean — CH'O'NGSA), Chungso ng, Urban Town (Korean — DONG), Chung Ward, Pyongyang, North Korea – Chung-Guyok (Central District), Sosong Street, Kyongrim-Dong, Pyongyang, North Korea – Changgwang Street, Pyongyang, North Korea
20	**Ponghwa Hospital**	Japan	A special hospital which provides medical services to high-ranking party members, government officials and their families, known to have been engaged in research of microbe and associated with the illegal exports of WMD-related goods and equipment from Japan to the DPRK.		
21	**Pyongyang Informatics Centre**	Japan	Known to have been engaged in developing computer software programs for government organizations, equipped with training facilities for programmers, and associated with the illegal export of WMD-related goods and equipment and etc. from Japan to the DPRK.	– Pyongyang Information Center	

	Names	*Designated by*	*Rationale*	*Alias(es)*	*Address(es)*
22	**Second Academy of Natural Sciences**	United States of America European Union	Responsible for research and development of DPRK/s advanced weapons systems, including missiles and probably nuclear weapons. Uses a number of subordinate organizations, including Korean Tangun Trading Corporation (entity designated by the 1718 Committee, 16.07.2009).	– 2nd Academy of Natural Sciences – Che 2 Chayon Kwahak-Won – Academy of Natural Sciences – Chayon Kwahak-Won – National Defense Academy – Kukpang Kwahak-Won – Second Academy of Natural Sciences Research Institute (SANSRI)	Pyongyang, North Korea
23	**Second Economic Committee**	United States of America European Union	The Second Economic Committee is responsible for overseeing the production of DPRK's ballistic missile. It also directs the activities of KOMID (entity designated by the 1718 Committee, 24.04.2009).		Kangdong, North Korea
24	**Sino-Ki**	United States of America	Engaged in proliferation activities.		
25	**Sobaeku United Corp.**	European Union	State-owned company, involved in research into, and the acquisition of, sensitive products and equipment. It possesses several deposits of natural graphite, which provide raw material for two processing facilities which, inter alia, produce graphite blocks that can be used in missiles.	Sobaeksu United Corp.	
26	**The Reconnaissance General Bureau**	United States of America European Union	Trades in conventional arms and controls the DPRK conventional arms firm Green Pine Associated Corporation (entity designated by the 1718 Committee, 02.05.2012), which is responsible for approximately half of the arms and related materiel exported by the DPRK and has taken over many of the activities of KOMID (entity designated by the 1718 Committee, 24.04.2009).	– Chungch'ŏl Ch'ongguk – RGB – KPA Unit 586	– Hyongjesan-Guyok, Pyongyang, North Korea – Nunggado, Pyongyang, North Korea

	Names	Designated by	Rationale	Alias(es)	Address(es)
27	**Tosong Technology Trading Corporation**	**Australia** **European Union** **Japan** **United States of America**	**Subsidiary of KOMID (entity designated by the United Nations, 24.04.2009).**		**Pyongyang, North Korea**
28	**Trans Merits Co. Ltd.**	**United States of America**	**Subsidiary of Global Interface Company Inc. and managed by Alex H. T. Tsai, who provided, or attempted to provide, financial, technological or other support for, or goods or services in support of KOMID (entity designated by the 1718 Committee, 24.04.2009).**		**1F, No. 49, Lane 280, Kuang Fu S. Road, Taipei, Taiwan** **Business Registration Document Number: 16316976 (Taiwan)**
29	**Yongbyon Nuclear Research Centre**	**European Union**	**Research centre that has taken part in the production of military-grade plutonium; centre maintained by the General Bureau of Atomic Energy (entity designated by the 1718 Committee, 16.07.2009).**		

B. Individuals

	Names	*Designated by*	*Rationale*	*Alias(es)*	*Identifying information*
1	**CHANG Song-taek**	European Union	Member of the National Defence Commission. Director of the Administrative Department of the Korean Workers' Party.	JANG Song-Taek	Date of birth: 2.2.1946 or 06.02.1946 or 23.02.1946 (North Hamgyong province) Passport number (as of 2006): PS 736420617
2	**CHON Chi Bu**	European Union	Member of the General Bureau of Atomic Energy (entity designated by the 1718 Committee, 16.07.2009), former technical director of Yongbyon.		
3	**CHU Kyu-Chang**	European Union	First Deputy Director of the Defence Industry Department (ballistics programme), Korean Workers' Party, Member of the National Defence Commission.	JU Kyu-Chang	Date of birth: between 1928 and 1933
4	**HYON Chol-hae**	European Union	Deputy Director of the General Political Department of the People's Armed Forces (military adviser to Kim Jong Il)		Year of birth: 1934 (Manchuria, China)
5	**JON Il-chun**	European Union	New Director of "Office 39" of the Central Committee of the Workers' Party, which is involved in proliferation financing (replaced KIM Tong-un).		Date of birth: 24.8.1941
6	**JON Pyong-ho**	European Union	Secretary of the Central Committee of the Korean Workers' Party, Head of the Central Committee's Military Supplies Industry Department controlling the Second Economic Committee of the Central Committee, member of the National Defence Commission.		Year of birth: 1926
7	**KIM Tong-myo'ng**	United States of America European Union	Acts on behalf of Tanchon Commercial Bank (entity designated by the 1718 Committee, 24.04.2009). Also played a role in managing Amroggang Development Banking Corporation (entity designated by the 1718 Committee, 02.05.2012)	Kim Tong Myong Kim Chin-so'k Kim Jin Sok	Year of birth: 1964
8	**KIM Tong-un**	European Union	Former Director of "Office 39" of the Central Committee of the Workers' Party, which is involved in proliferation financing.		Year of birth: 1936 Passport number: 554410660

	Names	*Designated by*	*Rationale*	*Alias(es)*	*Identifying information*
9	**KIM Yong-chol**	**United States of America** **European Union**	Chief of the Reconnaissance General Bureau which trades in conventional arms and controls the DPRK conventional arms firm Green Pine Associated Corporation (entity designated by the 1718 Committee, 02.05.2012)responsible for approximately half of the arms and related materiel exported by the DPRK and has taken over many of the activities of KOMID (entity designated by the 1718 Committee, 24.04.2009).	Kim Yong-Chol Kim Young-Chol Kim Young-Cheol Kim Young-Chul	Date of birth: circa 1947 Alt. date of birth: circa 1946 Location: Pyongan-Pukto, North Korea
10	**KIM Yong-chun**	European Union	Deputy Chairman of the National Defence Commission, Minister for the People's Armed Forces, special adviser to Kim Jong Il on nuclear strategy.	Young-chun	Date of birth: 04.03.1935
11	**O Kuk-Ryol**	European Union	Deputy Chairman of the National Defence Commission, supervising the acquisition abroad of advanced technology for nuclear and ballistics programmes.		Year of birth: 1931 (Jilin Province, China)
12	**PAEK Se-bong**	European Union	Chairman of the Second Economic Committee which is responsible for overseeing the production of DPRK's ballistic missile. It also directs the activities of KOMID (entity designated by the 1718 Committee, 24.04.2009).		Year of birth: 1946
13	**PAK Jae-gyong**	European Union	Deputy Director of the General Political Department of the People's Armed Forces and Deputy Director of the Logistics Bureau of the People's Armed Forces (military adviser to Kim Jong Il).	Chae-Kyong	Year of birth: 1933 Passport number: 554410661
14	**PAK To-Chun**	European Union	Member of the National Security Council, in charge of arms industry and reported as commanding the office for nuclear energy		Date of birth: 09.03.1944 (Jagang, Rangrim)
15	**PYON Yong Rip**	European Union	President of the Academy of Science involved in weapons of mass destruction-related biological research.	Yong-Nip	Date of birth: 20.09.1929 Passport number: 645310121 (issued on 13.09.2005)
16	**RYOM Yong**	European Union	Director of the General Bureau of Atomic Energy (entity designated by the 1718 Committee, 16.07.2009), in charge of international relations.		
17	**SO Sang-kuk**	European Union	Head of the Department of Nuclear Physics, Kim Il Sung University.		

Names	*Designated by*	*Rationale*	*Alias(es)*	*Identifying information*
18 **SU Lu-chi**	United States of America	Alex H. T. Tsai's wife, who provided, or attempted to provide, financial, technological or other support for, or goods or services in support of KOMID (entity designated by the 1718 Committee, 24.04.2009). Lu-Chi Su is an officer in Global Interface Company Inc. and Trans Merits Co. Ltd. and is directly involved in the companies' operations.	Lu-Chi Tsai Su	Date of birth: 08.08.1945 POB: Tainan, Taiwan Passport Number: 131134049 (Taiwan)
19 **STEIGER Jacob**	Australia Japan United States of America	President of Kohas AG	STEIGER Jakob	Date of birth: 27 April 1941 (Altstatten, SG, Switzerland)
20 **TSAI Alex H. T.**	United States of America	Provided, or attempted to provide, financial, technological or other support for, or goods or services in support of KOMID (entity designated by the 1718 Committee, 24.04.2009).	Hsein Tai Tsai	Date of birth: 08.08.1945 (Tainan, Taiwan) Passport Number: 131134049 (Taiwan)

Annex XI

List of the Panel's meetings

Below is a list of participation by the Panel in conferences, seminars, forums and meetings during the reporting period, listed by document number of the report to the Committee (which can be slightly different from date order).

Activities through reporting date

2011

Conference: The 12th International Export Control Conference, Singapore, 24-26 May 2011.

Meeting: Meetings with non-governmental experts, Beijing, 30 May-1 June 2011.

Seminar: Promoting the Global Instruments of Non-Proliferation and Disarmament: The United Nations and the Nuclear Challenge, New York, 31 May 2011.

Meeting: Consultations with the Government of Japan, Tokyo, 25-26 July 2011.

Meeting: Consultations with the Government of the Republic of Korea, Seoul, 27 July-1 August 2011.

Forum: The Korean Global Forum 2011, Seoul, 31 August-2 September 2011.

Conference: The International Military Operations and Law Conference, Brisbane, Australia, 5-8 September 2011.

Meeting: Intersessional meeting of the Financial Action Task Force, Paris, 7-9 September 2011.

Roundtable: Tracking North Korea's Ballistic Missiles Sales: Implications for the Missile Technology Control Regime, George Washington University, Elliot School of International Affairs, Washington, D.C., 13 September 2011.

Forum: A Changing North Korea? A trip report, Woodrow Wilson International Center for Scholars, Washington, D.C., 14 September 2011.

Seminar: 2012 Nuclear Security Summit — The Korean Twist, the Korea Economic Institute, Washington, D.C., 28 September 2011.

Meeting: Meeting with Dr. Siegfried Hecker, Stanford University, California, United States, 29 September 2011.

Seminar: The Evolution of Threat Reduction: From Cooperative to Coercive?, Center for International and Security Studies at Maryland Forum, Washington, D.C., 29 September 2011.

Meeting: Meetings with Korea experts, University of California, Berkeley, United States, 30 September 2011.

Meeting: Briefing on arms and ammunition, Washington, D.C., and Martinsburg, West Virginia, United States, 5-6 October 2011.

Meeting: Meeting with United Kingdom officials, Foreign and Commonwealth Office, London, 10 October 2011.

Meeting: Meeting of the Non-Proliferation Directors Group, Paris, 11 October 2011.

Seminar: Political Changes in 2012: Implications for Northeast Asian Regional Security, Northeast Asia Future Forum, Washington, D.C., 22 September 2011.

Meeting: Meeting with the International Atomic Energy Agency, Vienna, 13 October 2011.

Meeting: Meeting with the Comprehensive Nuclear-Test-Ban Treaty Organization Preparatory Commission, Vienna, 13-14 October 2011.

Meeting: Meeting with the United Nations Office on Drugs and Crime, Vienna, 13-14 October 2011.

Meeting: Meeting with various experts on proliferation finance, Washington, D.C., 17-19 October 2011.

Seminar: The Security & Strategic Trade Management Academy, Center for International Trade and Security, Univ sity of Georgia, Athens, United States, 19-21 October 2011.

Meeting: Financial Action Task Force, Working Group and Plenary Meetings, Paris, 23-28 October 2011.

Conference: Tenth United Nations — Republic of Korea Joint Conference on Disarmament and Non-Proliferation Issues, Jeju Island, Republic of Korea, 7-8 November 2011.

Meeting: Centre for Non-Proliferation and Nuclear Security, Seoul, 9 November 2011.

Meeting: Institute for Peace and Cooperation, Seoul, 10 November 2011.

Conference: 14th Meeting of the Council for Security Cooperation in Asia Pacific Study Group on Countering the Proliferation of Weapons of Mass Destruction in the Asia Pacific, Hanoi, 18-19 November 2011.

Conference: Annual Conference of the European Association for Forwarding Transport Logistics and Customs Services, Brussels, 17 November 2011.

Meeting: Meeting with Japanese officials and experts on export control and the Korean peninsula issues, Tokyo, 24 November-2 December 2011.

Conference: The 8th Asian Senior-Level Talks on Non-Proliferation (ASTOP VIII), Tokyo, 1 December 2011.

Meeting: Consultations with the Government of France, Paris, 5-6 December 2011.

Meeting: Consultations with the Government of Germany, Berlin, 7-8 December 2011.

Meeting: The 5th Annual Container Programme Meeting, organized by the World Customs Organization and the United Nations Office on Drugs and Crime, Brussels, 5-7 December 2011.

Meeting: Consultations with the Government of Austria, Vienna, 10-13 December 2011.

Conference: Challenges of the Nuclear Non-Proliferation Regime, organized by Wilton Park, Steyning, United Kingdom, 12-16 December 2011.

Meeting: Consultations with the Government of Switzerland, Berne, 14-16 December 2011.

Meeting: Consultations with the Government of the Republic of the Congo, Brazzaville, 12-16 December 2011.

Meeting: Consultations with the Government of Canada, Ottawa, 19 December 2011.

2012

Meeting: Consultations with the Government of Greece, Athens, 10-12 January 2012.

Meeting with the International Atomic Energy Agency, Vienna, 13 January 2012.

Meeting: Financial Action Task Force Plenary, Paris, 9-13 January 2012.

Forum: DPRK Economic Forum at the US-Korea Institute, Johns Hopkins School of International Advanced Studies, Washington, D.C., 19 January 2012.

Meeting: Consultations with the Government of Japan, Tokyo, 30 January 2012.

Conference: Defence Exports Asia-Pacific Conference on Compliance with United Nations Security Council resolutions banning arm trades with North Korea, Singapore, 31 January-2 February 2012.

Meeting: Consultations with the Government of Mongolia, Ulaanbattar, 15-16 February 2012.

Seminar: 19th Asian Export Control Seminar, Tokyo, 6-10 February 2012.

Meeting: Financial Action Task Force Plenary, Paris, 13-17 February 2012.

Seminar: Combating Destabilizing Arms Transfers via Air, organized by SIPRI (Stockholm International Peace Research Institute), Kyiv, 1-2 March 2012.

Meeting: Consultations with the Government of Greece, Athens, 5 March 2012.

Seminar: Seminar on the Control of Trade in Conventional Arms, organized by the Thomas More Institute, Paris, 6-8 March 2012.

Meeting: Council for the Security Cooperation in the Asia Pacific, Study Group on Countering the Proliferation of Weapons of Mass Destruction in the Asia Pacific, Sydney, Australia, 6-7 March 2012.

Meeting: Association of Southeast Asian Nations, Regional Forum's Inter-Sessional Meeting on Non-Proliferation and Disarmament, Sydney, Australia, 8-9 March 2012.

Meeting: Consultations with the Government of Australia, Canberra, 13 March 2012.

Roundtable: North Korea, Sanctions Implementation and the Changing Situation, at the Council on Foreign Relations, Washington, D.C., 14 March 2012.

Meeting with representatives of the Nuclear Policy Program, Carnegie Endowment for International Peace, Washington, D.C., 27 March 2012.

Meeting with the Organization for the Prohibition of Chemical Weapons, The Hague, 10 April 2012.

Meeting: Consultations with the Government of the United Kingdom, London, 10 April 2012.

Meeting: Consultations with the Government of Italy, Rome, 11-13 April 2012.

Meeting: Consultations with the Government of the Republic of Korea, Seoul, 11-13 April 2012.

Seminar: Implementing Sanctions: Prospects and Problems, organized by the International Institute for Strategic Studies, Singapore, 12-13 April 2012.

Conference: World Customs Organization Global AEO (Authorized Economic Operator), Seoul, 17-19 April 2012.

Meeting: Consultations with the Government of Guatemala, Guatemala City, 26-27 April 2012.

Meeting: Consultations with the Government of El Salvador, San Salvador, 30 April 2012.

Planned forthcoming activities

Conference: Financing of Proliferation of Weapons of Mass Destruction, organized by the Government of Korea, Seoul, 17-18 May 2012.

Seminar: Implementing Sanctions: Prospects and Problems, organized by the International Institute for Strategic Studies, Nairobi, 23-24 May 2012.

Meeting: Consultations with the Government of Brazil, Brasilia, 1 June 2012.